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For U.S. Economy, a Plus Sign

By Lawrence Malkin
International Herald Tribune

NEW YORK — The government's most widely used economic forecasting index made its first gain in February since June, the government reported Friday, confirming America's postwar euphoria but clouding economists' visions about when the recession will end.

The Commerce Department announced that its index of leading indicators rose 1.1 percent in February, the biggest rise in nearly three years, after dropping 0.5 percent the previous month.

It takes a plus or minus reading for three successive months to signal a definitive change of course in the economy, however. Many economists are predicting that a recovery will begin during the spring, but others still do not see solid signs of a turnaround before the summer or even later this year.

The dollar eased but stayed within a narrow trading range Friday. Currency traders said an expected economic recovery had already been taken into account by the dollar's surge in the last month. There was no reaction from the stock and bond markets, which were closed because of the Good Friday holiday.

More than half the February gain in the leading indicators came from the rise in stock prices, and much of the rest came from other intangible components such as consumer expectations and money supply and building permits. By contrast, the components covering basic economic statistics such as employment and orders were down or virtually flat.

The gain was the largest since one of 1.6 percent in June 1988.

"It's really just a reflection of euphoria on Wall Street and Main Street after the war," said a Chemical Bank economist, Joseph Carson. "I think we'll have another six months of recession."

In another statistic released Friday, the government reported that sales of single-family homes rose 16.2 percent in February after dropping 12.6 percent in January. Economists pointed out that a combination of victory psychology, declining interest rates and unseasonably warm weather touched off a rebound, but they would not predict how long it would continue.

In the recent flow of encouraging figures, Allen Sinai of Boston Co. Economic Advisers Inc. saw "a unique situation."

"We just don't know how much of the bounce is war-related," he said. But he added that he suspected a sizable amount of it was tied to the war. He cautiously forecast the start of the recovery from as early as May to as late as December.

The problem for forecasters is that there are positive signals of economic psychology in consumer confidence and spending, housing purchases and permits, and monetary and stock market strength, but they conflict with what Mr. Sinai called "the big negative" in the real world of goods and jobs.

The consensus forecast published monthly by Blue Chip Economic Indicators has the recovery starting during the spring quarter. About one-third of the 50 forecasters polled raised their forecasts this month. They cited the quick victory in the Gulf along with lower interest rates, improved confidence and moderating inflation.

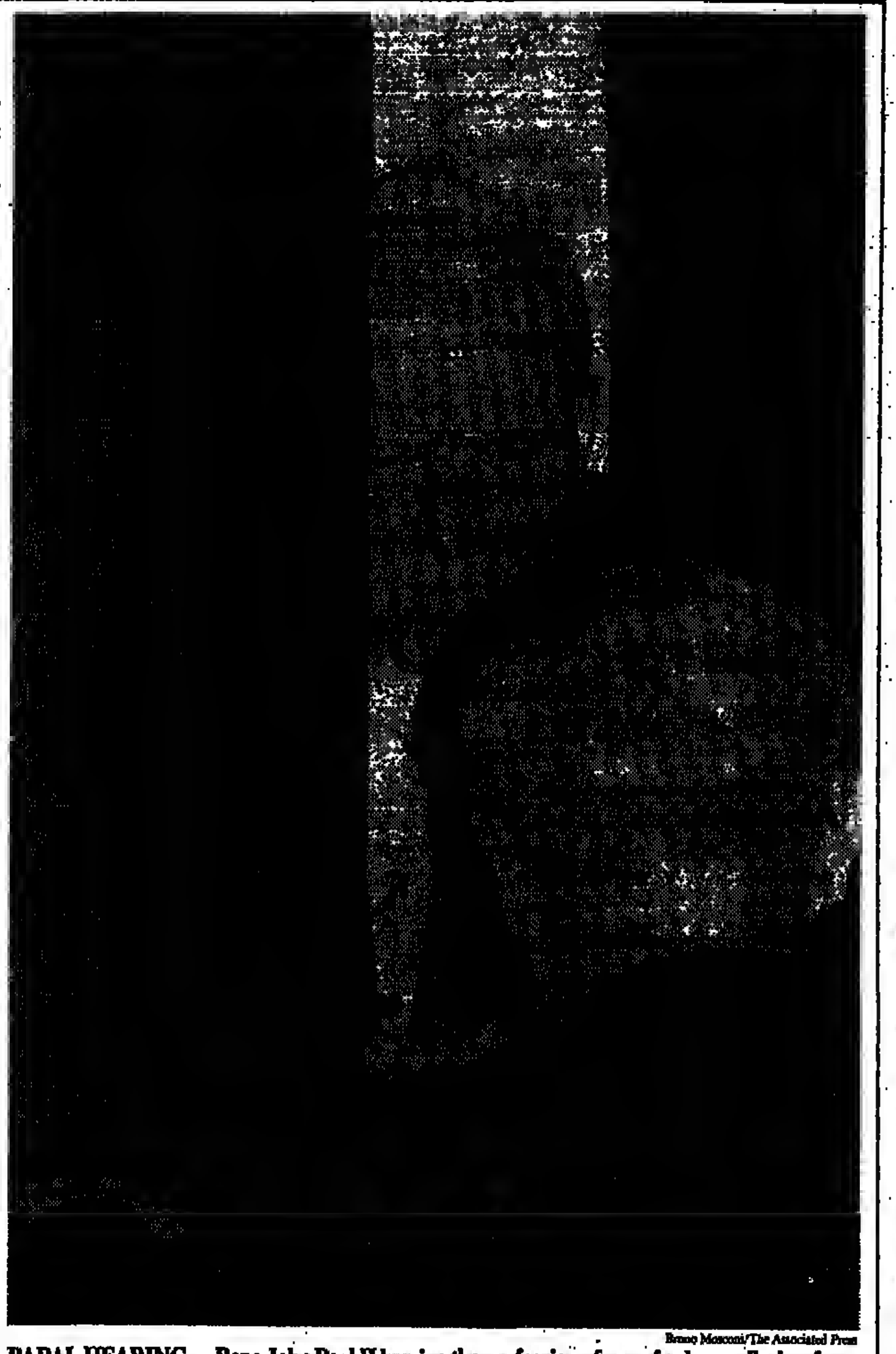
But Gordon Richards, economist for the National Association of Manufacturers, said that nothing in the recent euphoria had persuaded him to change his forecast that the recovery would not start until summer. On the contrary, he borrowed a medical term to characterize several of this week's statistics as "false positives."

For example, figures released Thursday showing the largest rise in personal income since last September also disclosed that spending rose three times faster, a situation that Mr. Richards warned was "unsustainable and has to have been financed by savings."

This led the economist to label unsustainable another figure, the slight rise of 0.07 percent in Friday's leading indicators component for consumer goods orders. Mr. Richards said he did not see how consumer spending could continue to advance with consumers drawing down savings.

The most decisive statistic for

See ECONOMY, Page 8



Bruno Mosconi/The Associated Press

PAPAL HEARING — Pope John Paul II hearing the confession of one of a dozen pilgrims from different parts of the world in St. Peter's Basilica at start of the Easter weekend. The Pope began hearing confession on Good Friday 12 years ago to underline the importance of the sacrament.

Kurds Say They Lost Key City To Iraqis

U.S. Turns Down Plea to Intervene As Kirkuk Falls

Compiled by Our Staff From Dispatches

DAMASCUS — Iraqi Kurds fighting the forces of President Saddam Hussein said Friday that they had been driven from the city of Kirkuk after fierce battles with government troops, the latest in a series of setbacks for the rebels.

Other Kurds, in London, later claimed that Kirkuk had been retaken from Iraqi troops. But the U.S. State Department said in Washington that the important oil-producing center was in the hands of Saddam Hussein's forces.

A White House spokesman declared that the U.S. government regretted the carnage in Iraq but would not intervene on the side of insurgents.

"We are operating in Iraq on the basis of the UN mandate," said Roman Popadiuk, the deputy White House spokesman. "Once that mandate is totally fulfilled, U.S. troops will be coming out. We have no plans for keeping our troops in Iraq or in the Gulf region one day longer than necessary."

The administration rebuff was to a request from the Iraqi Kurdistan Front that asked President George Bush to help them.

"You personally called upon the Iraqi people to rise up against Saddam Hussein's brutal dictatorship," two Kurdish leaders wrote in a statement directed to Mr. Bush. "They have now risen and are confronting the might of Saddam's tyranny."

The leaders, Jalal Talabani and Masoud Barzani, asked the United States to intervene to prevent Mr. Hussein from using "heavy weapons of mass destruction against civilians," including fixed-wing aircraft and combat helicopters.

"The issue of internal unrest in Iraq is an issue that has to be settled between the government and the people of Iraq," Mr. Popadiuk said. "It's a decision for the people of Iraq to make in terms of the leadership."

Asked if the United States might consider providing rebels with such arms as Stinger missiles, Mr. Popadiuk said: "Our mandate was to get Iraq out of Kuwait. We fulfilled that mandate. Our next step is to get a permanent cease-fire so that our troops can be withdrawn."

The newest setback for the insurgents was announced in Damascus by a spokesman for the Patriotic Union of Kurdistan. "Our forces retreated from Kirkuk," he said after communicating with rebel leaders in Iraq. "They are about two kilometers outside the city."

The report, quoted by Reuters, coincided with an admission by a major Iraqi Shiite opposition group that Mr. Hussein's troops had recaptured virtually all cities and towns in southern Iraq and that Iraqi rebel forces were now reduced to fighting mainly in rural areas.

In an interview in his headquarters in Tehran, the exiled Iraqi Shiite leader, Hojatolislam Mohammed Bakr Hakim, said opposition forces had been forced to withdraw from the cities about a week ago.

But he insisted that 10,000 rebels were in control of rural areas and were continuing guerrilla-style attacks on government forces.

"It's all in the hands of the Iraqi people now," Hojatolislam Hakim said.

Iraqi rebels fled to U.S. lines

See IRAQ, Page 4

The Gulf

Can Iraq still make a nuclear bomb? A 27.6-pound question.

Israel is adamant about not returning land to the Arabs.

Articles on Page 3

U.S. Treads Fine Line in Soviet Disarray

By David Hoffman
Washington Post Service

WASHINGTON — The tense standoff in Moscow this week underscored the pressures building on U.S.-Soviet relations as the Bush administration tries to do business with President Mikhail S. Gorbachev of the Soviet Union while also expanding ties to the movement challenging him.

The administration publicly and privately cautioned Soviet authorities not to use force against demonstrators backing Boris N. Yeltsin, president of the Russian Republic, the leading rival to Mr. Gorbachev, and said the ban on public assembly should be lifted.

The messages were passed by Secretary of State James A. Baker 3d to the Soviet chargé, Sergei Chetverikov, in Washington and by Ambassador Jack F. Matlock Jr. to officials in Moscow after Mr. Baker tried unsuccessfully to reach Foreign Minister Alexander A. Bessmertnykh.

"We urge the Soviet government to remove all unnecessary restrictions on rights of expression and assembly as soon as possible," a White House spokesman, Roman Popadiuk, said Thursday. "The current political crisis in the Soviet Union cannot be resolved through confrontation. A truly durable and legitimate solution can only come through peaceful dialogue and an orderly democratic process."

Administration officials and outside experts said the deepening Soviet leadership struggle and Mr. Gorbachev's turn toward authoritarianism was continuing to affect relations with Washington.

U.S. policymakers are dismayed by his increasing reliance on the military, the KGB and the defense-industrial sector, and by his reluctance to push ahead with the economic and political changes he started.

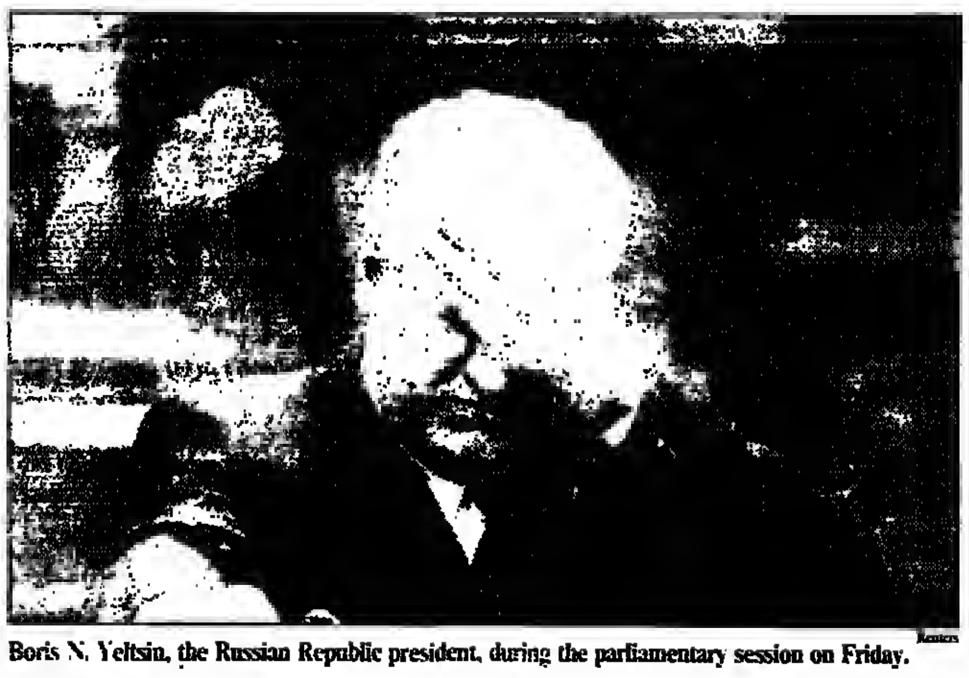
Despite Mr. Gorbachev's apparent retrenchment, however, President George Bush and Mr. Baker are moving ahead with an agenda that includes cooperation in the Middle East, completion of a strategic arms control treaty and resolving difficulties with the already-signed treaty limiting conventional weapons in Europe.

On a recent visit to Moscow, Mr. Baker also held three separate meetings with reformers and republic leaders, including representatives from the Baltic states pushing for independence and others seeking greater autonomy or independence from the Kremlin.

Participants said the reformers, many of whom were initially close to Mr. Gorbachev but who have moved away in recent months, urged the United States to continue its contacts with the central authorities in hopes of moderating Mr. Gorbachev's policies.

Robert Zoellick, a State Department counselor and a close adviser to Mr. Baker, told a Senate panel recently that the administration, in addition to dealing with the Kremlin and reformers, also hoped to reach out to other disaffected groups in Soviet society, including the military and defense industry.

Without their cooperation, Mr. Zoellick said, the economic changes sought by the West will never succeed. But he acknowledged that it will be exceedingly difficult to build contacts with these groups in the current environment.



Reuters

Boris N. Yeltsin, the Russian Republic president, during the parliamentary session on Friday.

Yeltsin Urges Talks on Economic Crisis

By Michael Dobbs
Washington Post Service

MOSCOW — Boris N. Yeltsin, the Russian Republic president, called Friday for talks between the Communist authorities and opposition parties to rescue the Soviet Union from its deepening economic crisis.

In a speech to the republic's parliament, Mr. Yeltsin said it had become clear in the past few months that radical economic change was impossible without sweeping political changes as well.

Hard-line Communists in the republic had earlier blocked his plan to change the republic's constitution by creating a popularly elected presidency for Russia, the Soviet Union's largest and most powerful republic.

Mr. Yeltsin's proposals for a complete overhaul of the Soviet system of government reflected the impotence and frustration felt by radical politicians who were swept to public office in local and republican elections last year. Despite their good intentions and high-sounding titles, the self-styled "democrats" have so far been unable to carry out meaningful changes or even maintain living standards.

"The Russian Republic is living through one of the most difficult and dramatic moments in its history," Mr. Yeltsin said, accusing the Communist Party of bringing the country to the brink of economic collapse and hyperinflation.

He was speaking a day after more than 100,000 of his supporters were involved in a tense standoff with security troops in Moscow after being prevented from holding a democracy rally near the Kremlin. The Communist Party newspaper Pravda accused the Russian leader of resorting to "mob rule" by encouraging the protesters to demand the resignation of President Mikhail S. Gorbachev.

The Russian parliament was convened by Communist hard-liners in an attempt to remove Mr. Yeltsin from his post as parliamentary chairman. Mr. Yeltsin tried to use the session to act on the results of a March 17 referendum at which a majority of Russian citizens voted in favor of a powerful executive presidency.

The session got bogged down in angry procedural wrangles, suggesting that the balance of forces is so evenly distributed that neither side can achieve its goals in the short term. Although legislators agreed to discuss the results of the Russian referendum, they rejected demands by Mr. Yeltsin's supporters for a separate debate on the proposed constitutional changes.

As the Soviet Union's most popular politician, Mr. Yeltsin would almost certainly win a contested election for the Russian presidency. That, in turn, would put him in a good position to challenge Mr. Gorbachev.

By emphasizing the need for political change, Mr. Yeltsin in his speech Friday effectively acknowledged the impotence of his administration in economic matters. Last year, after Mr. Gorbachev backed away from a radical economic package designed to create the basis of a market economy in 500 days, Mr. Yeltsin insisted that Russia would push ahead with its own version of the program.

Mr. Yeltsin's proposals for political changes included the dismantling of Communist Party cells in industry and the security forces,

See YELTSIN, Page 4

Kiosk

Gunman Wounds 3 Gulf Marines

RIYADH (Reuters) — Three U.S. Marines were wounded when an assailant in a car fired shots at a military vehicle on a highway in eastern Saudi Arabia, a U.S. military spokesman said Friday.

Major Keith Gillett said the Marines were shot near Jubail by a man who appeared to be an Arab civilian. He said the man fired three to six shots from a small-caliber handgun.

The Marines' driver, who was not hurt, took the three to a hospital. One was treated and released, and the other two were reported in good condition. Major Gillett said the incident was the second of its kind since U.S. troops were deployed in Saudi Arabia.

Mrs. Bush to Have Forehead Lesion Removed

WASHINGTON (AP) — Barbara Bush has a lesion in the middle of her forehead that will be removed by doctors, her spokeswoman said Friday. Anna Perez, the first lady's press secretary, said Mrs. Bush had told her that the raised lesion, known as a papule, was "not a big deal." Otherwise, Ms. Perez said, Mrs. Bush "got a clean bill of health."

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Art
Islamic art treasures from some of the leading Kuwaiti private collections are among the loot of the Gulf war. Page 5.

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Sports
Diego Maradona tested positive for cocaine, Italian soccer officials announced. Page 13.

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Export growth helped push up Japan's current account surplus 26.3 percent. Page 7.
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THE REPORT
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Europe Will Lose Sleep Over This

Europe switches to daylight time at 2 A.M. on Sunday, when clocks should be set ahead one hour, to 3 A.M.

Most of Continental Europe will be two hours ahead of Greenwich Mean Time, while Britain, Ireland and Portugal will be one hour ahead of GMT.

For most of Europe, daylight time ends Sept. 29. Britain and Ireland change back on Oct. 27. In the United States and Canada, daylight time begins April 7 and ends Oct. 27.

South Africa Violence: Fears of a Cause Gone Awry

By Christopher S. Wren
New York Times Service

JOHANNESBURG — A new wave of random and increasingly vicious violence in the black townships is paralyzing efforts to forge a united political front against apartheid and prompting self-analysis among black leaders committed to peaceful change.

"Something has gone desperately wrong in the black community," Archbishop Desmond M. Tutu said in a sermon this week.

The killings have increased concern that the African National Congress and the Inkatha movement, two rival black organizations, are incapable of making their militant supporters abide by the peace accord that the groups' leaders achieved two months ago.

Nelson Mandela, the ANC deputy president, and Chief Mangosuthu Buthelezi, the Inkatha president, will meet Saturday in an attempt to stem the violence.

The Sowetan, the nation's largest black newspaper, said Thursday that the latest violence was "out of the control of any of these political leaders."

"The police are not much use either against these odds," it said.

The newspaper was commenting on violence that occurred Wednesday, in which unidentified assailants shot, hacked and stabbed mourners at a funeral in the township of Alexandra, near Johannesburg. Thirteen people were killed and 17 wounded, according to the police.

[Seven more black men were found shot and hacked to death after factional fighting in Alexandra on Friday, Reuters reported. The police said the latest deaths were related to political feuding.]

The police said they have not discovered a motive for the killings on Wednesday. The Citizen newspaper quoted a police intelligence specialist as saying that professional assassins were suspected of having been hired to carry out the massacre.

Because some victims belonged to an ANC affiliate, there has been speculation that their killers, who spoke Zulu, had loyalties to Inkatha, a political movement of Zulu origin.

"It is clear that the violence is orchestrated by shadowy elements for the purpose of destabilizing the ANC and the entire peace process," the ANC said, but it avoided blaming Inkatha.

Archbishop Tutu attributed the violence partly to the political transition in South Africa, the white minority government's long example of political intolerance, police misconduct and the economic deprivation suffered by blacks.

"But it is not all the truth," he said. "A lot of violence is due to political rivalry."

"Political groups in the black community are fighting for turf and they do not seem to know, or certainly some of their followers don't seem to know, that a cardinal tenet of democracy is that people must be free to choose freely whom they want to support,"

See BLACKS, Page 4

Dog Days for Press in Eastern Germany

By Marc Fisher
Washington Post Service

BERLIN — The East German revolution was not only televised, it is now available on video.

"East Side Story" was produced by Elf 99, a television program that developed from an effort to lure East Germany's disaffected youth back to the Communist fold into a group of video vigilantes.

Here is a sneering Elf 99 reporter mocking the former Communist party chief Egon Krenz for his praise of the Chinese suppression of pro-democracy demonstrators. Here is an Elf 99 camera team bursting into the secret countryside compound of East German Communist bigwigs. Here is a bit that uses western video technology to turn the Communist boss Erich Honecker into a babbling ninny.

Those were the days. Now, in the reunited Germany, Elf 99 is struggling for its life.

The video is an effort to raise money for a few new segments designed to help viewers adapt to Western ways — explaining how a bank works, defining words like "market" and "corporation."

These are bleak days for the media in the former East Germany.

Its two national television channels are off the air forever; only a single local channel remains for what was, until six months ago, a separate country. The main western German network picked up just three eastern programs: a series on unusual hobbies; an accordian-packed hour of *volksmusik*, and a sing-along of similar sounds.

Eastern German newspapers are dying; in a region where tens of thousands of people lose their jobs every week, few can afford the luxury of subscribing.

After an initial flurry of interest and investment by Western companies, eastern Germans find themselves largely ignored by the press. The two major national television newscasts are sure to focus on the east only when mass demonstrations break out, as they have in recent weeks. The big national newspapers have added no major voices from the east — no columnists, hardly any reporters.

The country's most respected papers, the Frankfurt and Munich dailies and the weekly Die Zeit, are hard to find in large eastern cities like Leipzig and Dresden.

Few media companies have chosen to pump money into an area where the idea of having enough extra cash to grab a stack of papers and magazines at the local newsstand — as western German readers often do — is unrealistic.

The big global press magnates have made tentative forays into the east; Robert Maxwell bought the Communist Party's publishing house, and Rupert Murdoch is funding a tabloid that planners say will be a racier version of a USA Today for eastern Germany.

But so far, only Bild, the sensational western German daily that positioned itself squarely on the side of suffering easterners long before unification, has captured the hearts of the east, adding a million readers to its already dominant circulation of 4.3 million.

Bild, as it incessantly reminds its new readers, fights for the easterners, naming the

See GERMANS, Page 4

Brazil's Male 'Honor' Loses Its Legitimacy

By James Brooke
New York Times Service

RIO DE JANEIRO — Rallying under the slogan "Lovers Don't Kill," Brazilian women have won a decade-long campaign against public tolerance of husbands who kill their wives.

The victory came with the Brazilian Supreme Court ruling that a man can no longer kill his wife and win acquittal on the ground of "legitimate defense of honor."

"It's a historic decision," said Jacqueline Pitanguy, a Brazilian women's rights leader.

Although never part of the legal code of Brazil, the "defense of honor" strategy has been used by lawyers to win acquittals in thousands of cases of men on trial for murdering their wives. According to one study in São Paulo State, from 1980 to 1981, 722 men claimed defense of their honor as justification for killing women accused of adultery.

Women's groups have been campaigning to end violence against women for 10 years. In one response to pressure state governments across Brazil have opened 71 so-called Police Stations in Defense of Women since 1985. Policewomen at the precincts specialize in

See BRAZIL, Page 4

هكذا وصل

Tokyo Governor's Race: Political Contest or 3-Ring Circus?

By Steven R. Weisman
New York Times Service

TOKYO — By the sedate standards of Japanese politics, the race for governor of Tokyo is not a typical election.

Among the 16 candidates are a popular rock singer running on the slogan "Don't Make Tokyo a Dangerous Place Like New York"; a politician's wife who wants to evict the emperor of Japan from the Imperial Palace and put up a new Parliament building on the palace grounds, and a man styling himself the Ralph Nader of Japan, who poses in the blue uniform and motorcycle helmet of a San Francisco policeman and wants to abolish automobile inspections.

The leading aspirant is the incumbent, Shunichi Suzuki, 80, who offers proof of his fitness for a new term in office by performing calisthenics at political rallies, including a deep bend at the waist in which he touches the floor with his palms, bringing instant applause from admirers.

His chief opponent, Hisanori Isomura, an urbane and mellow-voiced former television newscaster, has a different image problem. Battling a charge that he is not a man of the people, he showed up at a public bath and, wearing nothing but a small towel, scrubbed the back of a startled bather.

The Gulf war is over, trade frictions with the United States are in a lull, the Japanese economy is running smoothly, as always. What better subject of gossip than the sloppiest political brawl in anyone's memory?

Politics in Japan is rarely the spectator sport that it is in the United States, but this election, on April 7, is enlivened by charges of corruption, back-stabbing, clandestine liaisons and double-dealing.

The most disputed thing done by Mr. Suzuki, who presides over an $81 billion budget, was to build a 48-story City Hall, the tallest building in Japan, costing $850 million and prompting endless complaints about government waste.

On dedicating the new building this month, Mr. Suzuki proudly declared the new behemoth in western Tokyo to be "not extravagant and not luxurious" but "a monument to the people for the 21st century."

"He conceives of himself as the emperor of Tokyo," Mr. Isomura said sneeringly, pointing out that Mr. Suzuki has an office with a marble bathroom and shower while most of his constituents live in tiny apartments. "If this were a foreign country, there would have been a taxpayers' revolt by now."

A year ago, resentment of Tokyoites over the City Hall and other giant construction projects smoldered and Mr. Suzuki was deemed unelectable. Fearing a debacle, Prime Minister Toshiki Kaifu and other leaders of the governing Liberal Democratic Party pleaded with Mr. Suzuki to retire gracefully.

"The opportunity has already slipped away," the governor told the prime minister, explaining that his campaign was already in high gear.

Failing in their task, Mr. Kaifu and his aides then unceremoniously dumped Mr. Suzuki as the governing party's nominee and replaced him with a popular and suave newscaster who had reported for the Japan Broadcasting Co. from Washington, Paris and the Middle East.

Mr. Kaifu and his cabinet even boycotted the dedication ceremony for the new City Hall.

All this maneuvering backfired. Japanese public opinion reversed itself almost overnight, rushing to Mr. Suzuki out of sympathy for an underdog independent. Now the governor is improbably portraying himself as an outsider battling the "bosses" who were his lifelong allies.

"In the elections up until now, I was always supported by big organizations," the governor happily told a crowd recently. "I felt as if they could hardly be called elections. Now I'm really getting my hands dirty. I'm saying to myself, this is a real election."

If Mr. Suzuki loses, many of his dreams — a $12 billion new city on landfill in Tokyo Bay, a hotel-theater-shopping complex at the mouth of the Sumida River — could be in jeopardy. Not surprisingly, some of the country's biggest construction contractors are lined up with him.

For a while, the campaign also featured Antonio Inoki, a professional wrestler and legislator from the Sports and Peace Party. He entered the race to avenge a comment Mr. Isomura made on television that one of his wrestling matches had been a farce.

The wrestler's candidacy was short-lived, however, as Mr. Kaifu and two former prime ministers, Noboru Takeshita and Takeo Fukuda, sternly advised him to bow out. Their maneuvering only prompted news reports that he had been paid off by party kingpins to make room for Mr. Isomura.

Mr. Isomura has denied that he is a pawn for the power brokers and had difficulty explaining how he will build 350,000 new apartments, as he has pledged, and also cut taxes by a trillion yen ($7 billion).

Soviet-Japan Talks Avoid Tough Topic

Compiled by Our Staff From Dispatches

TOKYO — Foreign Minister Taro Nakayama relayed several Japanese concerns on Friday to Foreign Minister Alexander A. Bessmertnykh of the Soviet Union, who is visiting Tokyo. They included Soviet arms exports to the Gulf, the transfer of Soviet European forces to Asia and the shooting down of a Korean airliner in 1983.

But in their first round of talks, a Foreign Ministry official said, Mr. Bessmertnykh and Mr. Nakayama steered clear of their main point of contention — several disputed islands occupied by the Soviets since the end of World War II.

The officials were due to take up the territorial dispute on Saturday, with Mr. Bessmertnykh scheduled to leave for Moscow on Sunday.

Mr. Nakayama was quoted as telling Mr. Bessmertnykh: "The growth of Iraq into a major military power in the Middle East owes much to arms export, especially from the Soviet Union. I hope you will seriously consider this fact."

Mr. Bessmertnykh reportedly responded that the five permanent members of the United Nations Security Council — the United States, Britain, France, China and the Soviet Union — were arms exporters to the region and that they must seek a collective solution to the problem.

Mr. Nakayama, noting the Kremlin's recent decision to ban demonstrations in central Moscow for three weeks, said he hoped the Soviet government would respect freedom of speech and assembly.

"We are aware that our internal matters are having international repercussions," Mr. Bessmertnykh was quoted as saying. "It is important that any democracy must be kept within the limits of law and that human rights must not be crushed. This is the key point of *perestroika* — how to seek a balance there."

Mr. Nakayama said Japan was also concerned over recent Soviet moves to transfer military forces to its Asian region from Europe, where they would be subject to a European treaty on limiting conventional forces.

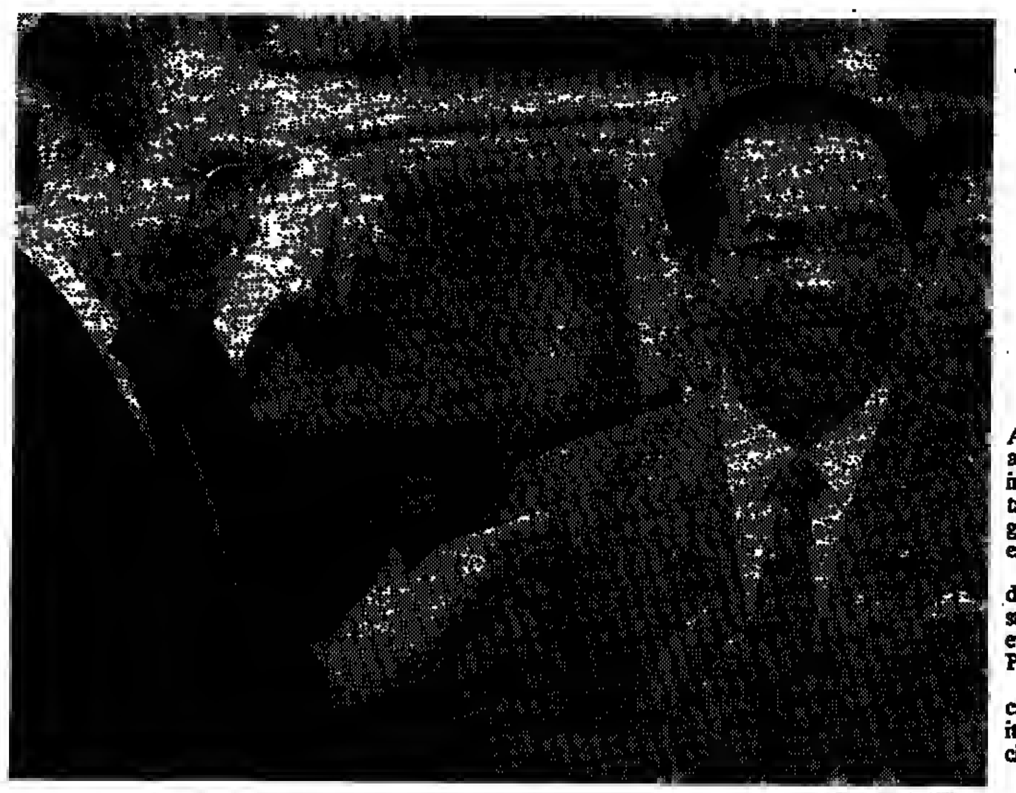
The officials also discussed the shooting down of a South Korean airliner by a Soviet fighter plane in 1983, the official said.

Mr. Nakayama cited recent reports in the Soviet government newspaper Izvestia that quoted military sources as saying Moscow was had flight data and cockpit voice recorders from the wreckage that could unlock the mystery of the incident.

The jet was shot down over the Soviet island of Sakhalin. All 269 people on board, including 27 Japanese, died. The plane veered off course and flew over Soviet territory before it was downed.

"You still have not returned remains of bodies and belongings," Mr. Nakayama told Mr. Bessmertnykh. "And I would like to say that this is causing much stress among the bereaved families."

"I fully understand your concerns," Mr. Bessmertnykh was quoted as saying. "It was a great human tragedy, and I have read the reports. I will promise to provide any additional data on the incident, although I have none at the moment." *(Reuters, AP)*


Susumu Takahashi/Reuters
Alexander A. Bessmertnykh arriving in Tokyo, with Muneo Suzuki of Japan's Foreign Ministry.

Andreotti Resigns as Socialists Pull Out

By Clyde Haberman
New York Times Service

ROME — Prime Minister Giulio Andreotti bowed to the inevitable and resigned Friday, throwing Italy into a period of political uncertainty that sooner and later will give rise to the country's 50th government since World War II.

There was no surprise and scant drama as Mr. Andreotti went to the stately Quirinal Palace on Friday evening to hand his resignation to President Francesco Cossiga.

Italians are used to watching cabinets come and go, and this time it is possible that very little will change in the end.

Mr. Andreotti will stay on for now as a caretaker, and political commentators say there is a good chance that after rounds of required consultations, beginning next week, he will be asked by Mr. Cossiga to try forming a new government again.

In this Roman Catholic country, several newspaper cartoonists and commentators saw symbolic significance in a government death that came on Good Friday. The day, after all, carries the promise of resurrection, and the 72-year-old Mr. Andreotti, a Christian Democratic elder, has bounced back again and again over his long career to serve as prime minister six times.

It is possible, however, that if the government crisis persists, early national elections will be called, even though the major parties say they do not want that. The present parliamentary term is not due to expire until May 1992, but political analysts are speculating on the possibility of elections this June.

The fate of Italy's 49th postwar cabinet was sealed earlier this week when Mr. Andreotti lost the support of former Prime Minister Bettino Craxi, at once a political nemesis and a key partner in his five-party governing coalition.

Mr. Andreotti had hoped to keep his 20-month-old government alive with a modest reshuffle of ministry assignments, but Mr. Craxi, who heads the Socialist Party, said that would not do.

Fire Scrambled Embassy Links

U.S. Acts to Secure Communications After Moscow Blaze

Compiled by Our Staff From Dispatches

MOSCOW — U.S. diplomats rushed to restore sensitive communication links with Washington on Friday and set up temporary offices after a fire that badly damaged the American Embassy.

As State Department specialists headed to Moscow to assess damage, officials said that the fire on Thursday had destroyed 80 percent of the embassy's communications capabilities and that nearly all secure operations had been halted.

With secure radio and telex communications down, the diplomatic pouch has temporarily become the only safe means of communication between Washington and the embassy, which has been a longtime target of Soviet espionage.

A U.S. source said the embassy was preparing to use a top-security van, once used during high-level talks in Moscow, to restore communications.

The fire at the old building may finally force the U.S. government to decide whether to repair or scuttle the building intended as a replacement, which is reportedly riddled with electronic eavesdropping devices.

Construction of the new embassy, several hundred meters from the old one, already has cost about $300 million. Work on the eight-story brick building was halted five years ago after U.S. inspectors discovered the eavesdropping devices implanted in structural parts of the building that had been assembled off the premises by Soviet workers.

Officials said it probably would cost another $300 million before anyone moves into the new offices.

Congress and the administration have been unable to agree whether to tear down the building and start over, or to accept part of it as inherently insecure and build a two- to four-story addition on top of it for classified functions.

A congressional source in Washington said there was still no consensus on what to do about the new building.

A source familiar with the work estimated that the United States has spent $60 million to $70 million trying to figure out what the Soviets did to the building.

Tass said Thursday's fire was caused by welding sparks in an elevator shaft being worked on as part of a renovation project.

A partly finished sprinkler and alarm system installed as part of the project was credited with helping the embassy's 400 employees escape without serious injury, but it also caused considerable water damage.

The fire was at least the fourth in recent years and the second to cause extensive damage.

An embassy official said that Soviet fire fighters who entered the embassy had picked up transistor radios and other "souvenirs." Local police searched the fire fighters as they left and confiscated the items, the official said. *(AP, AFP)*

Mother, 12, a Symbol of N.Y. Violence

By Chris Hedges
New York Times Service

NEW YORK — At 12 years old, the girl is already an orphan, a rape victim and a mother. Now, three days after her newborn son was rescued from the maw of a trash compactor, she has become something more — a symbol of the violence that stalks the young in some corners of this city.

"She never had no chance," said a neighbor, who, like most others who were interviewed Thursday, insisted on not being identified. "Most of us don't expect her to recover from this. She has gone through too much too young."

At 4, a fire killed both her parents, and she passed into the care of an aunt, whom her neighbors in the Brownsville section of Brooklyn described as emotionally unstable.

Drugs and alcohol, the neighbors said, invaded the home. She was consigned to a class for slow learners and faithfully attended each day, perhaps her only triumph in a world where staying in school is a Herculean task.

As if to punctuate the disorder of a life as troubled as it has been short, the girl's cousin and adoptive brother, Clarence Perry, 21, was arrested Thursday as he threatened to fling himself off the roof of the housing project building where they lived.

He told the police that he was the father of the baby. He was charged with rape. She was accused of potting the infant in a trash chute and charged as a juvenile with attempted murder.

The girl, now in a hospital recovering from the birth, has spent most of her life in the gritty streets of Brownsville. Around the storefronts and vacant lots, crack dealers ply their trade.

Her neighbors, stunned by the news that an infant, just a few hours old, had been cast into their garbage in an old shopping bag, awoke Thursday to find Mr. Perry, known to his friends as "Turtle," raving on their roof.

"I got up to the roof and saw him there," said Larry Varick, a security guard. "He was saying he had nothing more to live for, that his family was against him."

Mr. Varick, employed by a security company that hires primarily Muslims, spoke outside the 385-apartment, red-brick housing complex where the family lived.

"This is all getting out of hand," Mr. Varick said. "These kids got no parents, no home life, and this is what happens. They go crazy."

The girl's aunt, Gladys Perry, has retained a lawyer, and the other members of the family declined to speak with reporters.

'This is all getting out of hand. These kids got no parents, no home life, and this is what happens. They go crazy.'

Larry Varick, housing project security guard

Neighbors said the girl had usually played indoors and left her apartment only to go to school. She attended a sixth-grade special education class every day at Thelma J. Hamilton Junior High School.

James Siegal, a teacher at the school who supervises a program for pregnant students, said he had not known that the girl was pregnant.

"It's totally amazing that she was sitting in the lunchroom Thursday as if nothing happened," he said.

"We never saw her out here," said a woman who lives in the housing complex. "She stayed at home. She was quiet and withdrawn. She was a slow girl, but nice."

The girl was raised in a home that did little to restore the stability lost when she was orphaned, neighbors said. She lived in a three-bedroom apartment with her aunt, Mr. Perry and two other men in their late teens or early 20s who are either cousins or brothers.

Mr. Perry was in police custody Thursday, charged with endangering the welfare of a minor and with second-degree rape under state laws prohibiting sexual intercourse with girls younger than 14. The neighbors said he had spent most of his time outside the front gate of the housing complex.

They described the area as a place where crack is sold and where two rival gangs in the neighborhood, the Co-ops and The Young Guns, frequently clash, often with automatic weapons. Mr. Perry was often seen in an apartment that security guards say they suspect is a crack den.

Neighbors said they did not think the girl was guilty of murder, despite the police charge. They claim that the infant was dropped down the garbage chute just before the trash was drawn into the compactor, something they suspect the new mother was too weak to carry out.

"She was staggering, holding her stomach, when she went to school," said a neighbor. "She looked terrible. She could barely walk."

The girl showed up for class and slumped forward on her desk, telling teachers she was sick, according to friends.

"She refused to admit that she had given birth once she lost the baby," said a friend of the family. "It was if she could not comprehend it."

Ms. Perry seemed less able to fathom the birth than her adoptive daughter.

On Wednesday evening, Ms. Perry fainted when she heard on the evening news that the girl had given birth to an infant weighing 6 pounds 10 ounces (3 kilograms), friends who were with her said.

"She said she did not know she was pregnant," said a friend. "She was stunned to hear that she had delivered a full-term infant."

"From everything we've been able to find out," said Sergeant Arthur Stoecker, a police detective, "no one seemed to know. Even Clarence says she didn't know during the pregnancy. You got to live it to believe it."

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CHRISTIAN COMMUNITY CHURCH, a Christ-centered, Bible-based, non-denominational church ministering to the whole family. Sunday worship 10:30 a.m. Prayer & Bible study groups during the week. Tel.: 36.95.83.

MADRID
COMMUNITY CHURCH OF MADRID, English speaking Non-Denom. Worship and S.S. 11 am Sundays. Nursery. Meeting at Padre Damian, 34. Pastore, Tel.: 446-36 07.

MUNICH
INTERNATIONAL COMMUNITY CHURCH, Evangelical Bible Believing, services in English 4:30 p.m. Sundays at Erhuberstr. 10. (U2 Theresienstr.), (089) 850-8617.

UNITARIAN UNIVERSALISTS meet 4th Sun. each month at 11 a.m. Building 311, room A4, Perlacher Forst Housing Area, Munich. (089) 690-2036.

PARIS and SUBURBS
THE AMERICAN CATHEDRAL (Episcopal-Anglican). Sun. 9 & 11 a.m. Sunday School for children and nursery care at 11 a.m. 23 ave. George V, Paris 8. Tel.: 47 20 17 92. Metro: George V or Alma-Marceau.

HOPE INTERNATIONAL CHURCH (CNIT Center at Paris-La Défense). Sun. 9:45 a.m. with children's SS. Evangelical & for everyone. Metro: RER (A) La Défense. Parking: QUATRE TEMPS (free). Fri. 7:30 p.m. home Bible studies. 47 73 53 54.

ST. MICHAEL'S CHURCH (ANGLICAN), 5 rue d'Aguesseau, 75008 Paris. Tel.: 47.42.70.88. We invite you to our Easter services: 10h 15 Holy Communion, 11 h 45 Family Service, 18 h 30 Holy Communion. A crèche is available for young children. Alleluia! Christ is risen indeed!

MONTE CARLO
INT'L FELLOWSHIP, 9 Rue L. Notari. Sunday Bible Hr. (all ages) 9:45 a.m. Worship 11 a.m. & 6 p.m. Tel.: 93.25.51.51 or 93.25.31.15.

MONTPELLIER
ENGLISH SPEAKING SERVICE organised by Eglise Réformée Evangélique every Sunday 6 p.m., 5 rue Augustine, Tel.: 67 52 82 01. All welcome.

HOLLAND
TRINITY BAPTIST S.S. 9:30, Worship 10:30, nursery, warm fellowship. Meets at Bloemcamplaan 54 in Wassenaar. Tel.: 01751-78024.

MUNICH
INTERNATIONAL BAPTIST CHURCH OF MUNICH, München 83, Schumacherring 24. English Language Services. Sunday School 12:00. Worship Service 1:00. Pastor's phone: 690 8534.

PARIS and SUBURB
EMMANUEL BAPTIST CHURCH, 56 Rue des Bons-Raisins, Rueil-Malmaison. An evangelical church for the English speaking community located in the western suburbs. S.S. 9:45; Worship: 10:45. Children's Church and Nursery. Dr. B.C. Thomas, pastor. Call 47.51.29.63 or 47.49.15.29 for information.

INTERNATIONAL BAPTIST FELLOWSHIP. 6:30 p.m., 123 av. du Maine. M° Gaîté. Near the Tour Montparnasse. The evening service of Emmanuel Baptist Church. Call 47.51.29.63 or 47.49.15.29.

ASSOC. OF INT'L CHURCHES IN EUROPE & MID. EAST

BERLIN
AMERICAN CHURCH IN BERLIN, cor. of Clay Allee & Potsdamer Str., S.S. 9 a.m., Worship 10:30 a.m. Tel.: 030-8132021.

BONN
AMERICAN PROTESTANT CHURCH, Sunday School 9:30 a.m., worship 11 a.m., Kennedy Allee 150. Tel.: 0228 - 37 41 93

BRUSSELS
The International Protestant Church, Sunday School — 9.30 a.m. and Church — 10:45 a.m. Kattenberg, 19 (at the Int. School). Tel.: 673.05.81. Bus 95. Tram 94.

COPENHAGEN
INTERNATIONAL CHURCH of Copenhagen, 27 Farvergade. Vartov, near Rådhus. Study 10:15 & Worship 11:30. Jack Hustad, Pastor. Tel.: 31 62 47 85.

FRANKFURT
TRINITY LUTHERAN CHURCH, Nibelungen Allee 54 (U-Bahn 5), S.S. 9:45, worship 11 a.m. Tel.: (069) 599478.

GENEVA
EV. LUTHERAN CHURCH of Geneva, 20 rue Verdaine. Sunday worship 11:00. Tel.: (022) 20.50.89.

ISTANBUL
UNION CHURCH mtg in the Dutch Chapel at Netherlands consulate on Istiklal Cad. Sun. 9:30 & 11:00. Tel.: (90-1) 144-5212.

OSLO
American Lutheran Church, Fritznersgt. 15 Worship & Sunday School 11 a.m. Tel.: (02) 44.35.84.

PARIS
AMERICAN CHURCH IN PARIS. Worship 11:00 a.m. 65, Quai d'Orsay, Paris 7. Bus 63 at door, Metro Alma-Marceau or Invalides.

STOCKHOLM
IMMANUEL CHURCH, Kungstensg. & Birger Jarl. Friendly Christian fellowship. English, Swedish & Korean. 11:00. Tel.: 46-8 151225 & 309803.

WARSAW
WARSAW INTERNATIONAL CHURCH, Protestant English language expatriates, Sundays 11:00 a.m. (Sept.-May), 10 a.m. (June-Aug.): Ul. Piekna 14 A. Tel.: 43-29-70.

ZURICH
INTERNATIONAL PROTESTANT CHURCH English speaking, workship service, Sunday School & Nursery, Sundays 11:30 a.m., Schanzengasse 25. Tel.: (01) 2625525.

EUROPEAN BAPTIST CONVENTION

BERLIN
BERLIN BAPTIST CHURCH, Rothenburgstr. 13, 1000 Berlin 41, SS 10:45, W 12:00 + 19:00. Tel.: 030-774-4670.

DUSSELDORF
INTERNATIONAL BAPTIST CHURCH. English. s.s. 10:00, worship 11:05. Children's church and nursery. Meets at the International School, Leuchtenburger Kirchweg 2, D-Kaiserswerth. Friendly fellowship. All denominations welcome. Dr. W.J. Delay, Pastor, Tel.: 0211/400 157.

HAMBURG
INTERNATIONAL BAPTIST CHURCH OF HAMBURG meets at TABEA FESTHALLE, Am Isfeld 19, Hamburg-Osdorf. Bible Study at 11:30 & Worship at 12:30. Tel.: 040/820616.

FRANKFURT
INTERNATIONAL CHRISTIAN FELLOWSHIP of the Taunus (Member European Baptist Convention), Sodenerstr. 11-18, 6380 Bad Homburg. Sundays 9:45. Tel.: 06171-54889 or 06134-23278.

WORLD BRIEFS

Jerusalem Holiday Security Is Heavy

JERUSALEM (UPI) — Christians and Jews prepared Friday for the Easter and Passover holidays while the police imposed stringent security measures in the Old City of Jerusalem and Palestinians were confined to the occupied West Bank and Gaza Strip. The police feared that the confluence of Easter and Passover during the Muslim holy month of Ramadan would lead to violence. The Tourism Ministry said only 1,200 pilgrims in organized groups had arrived in Israel.

Holy Friday processions through the Stations of the Cross, revered as Christ's path to his crucifixion, climaxed with the arrival at the Church of the Holy Sepulcher of about 1,000 Palestinian Christians carrying 3-meter (10-foot) crosses and singing Arabic and Latin hymns. They joined pilgrims from around the world to listen to prayers in a variety of languages.

Nearby, extra foot patrols throughout the Old City forcefully turned throngs of young Arab residents away from the area, searched pedestrians and made several arrests. Roads through Jerusalem were almost empty. Israeli military and police closed the city to the 1.7 million Palestinians living in the occupied territories. They also put the Gaza Strip, home to 1 million Palestinians, under a three-day curfew.

U.S. Offers Bounty in Soldier's Death

ATHENS (Reuters) — The United States offered a reward of $2 million on Friday for information on Greek guerrillas who killed a U.S. Air Force sergeant in Athens this month.

The November 17 guerrilla group, which has killed 16 Greeks and Americans since 1975, said it detonated a remote-controlled bomb that killed Sergeant Ronald Stewart on March 12. The guerrillas said they killed Sergeant Stewart to protest U.S. involvement in the Gulf war against Iraq.

A statement issued by the U.S. Embassy said the reward would be paid "for information leading to the arrest or conviction of those responsible for the murder."

Bosnia's Ethnic Serbs Push Secession

BELGRADE (AP) — Ethnic Serbs in Yugoslavia's central republic of Bosnia-Herzegovina demanded Friday that their region be allowed to secede and join Serbia, the Tanjug press agency said.

Ethnic Serbs make up about 30 percent of Bosnia-Herzegovina's 4.2 million people. Muslims, considered a separate nationality in Yugoslavia, account for about half and ethnic Croats for 18 percent of the total. Bosnia, a microcosm of Yugoslavia's ethnic difficulties, is governed by an uneasy coalition of three parties representing each of the major ethnic groups.

Serbs in the republic made their demand in response to a remark by the Bosnian president of the Muslim Democratic Action Party, Alija Izetbegovic, that the republic soon would adopt a declaration of sovereignty setting its laws over federal legislation and establishing the right to secede. Ethnic Serbs asserted the move would leave them at the mercy of the two other sides.

Damage Found at Japan Atom Plants

TOKYO (Reuters) — Inspectors have found damaged pipes at two of Japan's nuclear power plants, the latest in a string of problems that have spurred anti-nuclear protests, a Ministry of International Trade and Industry official said Friday.

An inspection at the Mihama No. 3 plant west of Tokyo, a pressurized water reactor, showed that 159 of its 10,164 pipes were damaged, the official said. An inspection at Takahama No. 3 in western Japan, the same type of reactor, turned up two damaged pipes.

The official said the damaged pipes at Mihama would be plugged and not used, and that a larger number of damaged pipes had been found at other plants in the past. But anti-nuclear activists said too many pipes are plugged up, and that it would be safer to remove and replace them. "We think this is very dangerous," said Yurika Ayukawa of the Citizens' Nuclear Information Center.

Laos Shuffles Communist Leadership

BANGKOK (AP) — Kaysone Phomvihane, the leader of the Laotian Communist Party since 1955, was re-elected Friday, but Prince Souphanouvong, a veteran revolutionary, and four others were dropped from the new Politburo lineup.

The new list of Politburo and central committee members of the Lao People's Revolutionary Party was announced at the closing session of the Fifth Party Congress and broadcast on official Radio Vientiane. A transcript was made available in Bangkok. Mr. Phomvihane, 70, was reappointed party chairman and head of the Politburo.

Prince Souphanouvong, 78, is the youngest son of the former king of Laos. He sided with Indochina's Communist guerrillas to drive out first the French and later the Americans from Laos. He had been president of Laos, but it was unclear if he retains this position.

Warning by Ulster Protestant Group

LONDON (NYT) — A Protestant terrorist group said Friday that it shot and killed two teenage Roman Catholic girls and a 29-year-old man in Northern Ireland, and it warned that there would be further attacks.

Katrina Rennie, 16, Eileen Duffy, 19, and Brian Frizell, 29, were killed Thursday night in Craigavon by a hooded gunman who entered a van from which the two girls were selling candy to customers from a Catholic housing development.

The two girls were working behind the counter when the gunman shot them at point-blank range. He later shot Mr. Frizell outside the van, the police said, and was driven away by an accomplice. The stolen vehicle they used was later found burned out nearby. A group calling itself the Protestant Action Force, which the police said was a known paramilitary group, called the Press Association in London and claimed that the van had been owned by "a known killer" and that Miss Duffy was a "republican," or a supporter of unification with the Republic of Ireland.

TRAVEL UPDATE

U.S. Eases Airport Security Measures

WASHINGTON (UPI) — The Transportation Department said Friday that the nation's airports would resume curbside baggage check-ins and remove other restrictions put into effect during the Gulf war.

The requirement that only ticketed passengers be allowed past screening points would remain in effect, but would be reviewed and removed as soon as possible, said James B. Busey, administrator of the Federal Aviation Administration. "This is not a return to business as usual," he said. "But it is a recognition of the fact that by working with the airlines and airport operators we can continue to meet our objective of enhanced aviation security."

Employees of Turkish Airlines will begin a strike for higher wages on Monday unless an agreement is reached with management, union officials said. The two sides remain far apart, they said. *(Reuters)*

WEATHER

EUROPE

	HIGH C	HIGH F	LOW C	LOW F	
Amsterdam	11	52	0	32	fr
Athens	19	46	10	50	cl
Barcelona	16	61	8	46	fr
Belgrade	8	46	3	37	r
Berlin	6	43	-1	30	cl
Brussels	10	50	0	32	fr
Budapest	7	45	2	36	r
Copenhagen	9	48	2	34	fr
Costa Del Sol	19	66	12	54	o
Dublin	9	48	3	37	o
Edinburgh	9	48	-3	27	cl
Faro	18	64	11	52	o
Florence	14	57	6	43	cl
Frankfurt	8	46	-2	28	cl
Geneva	8	46	1	34	fr
Helsinki	8	46	-1	30	fr
Las Palmas	22	72	14	57	cl
Lisbon	20	68	13	55	cl
London	13	55	6	43	cl
Luxembourg	9	48	0	32	fr
Madrid	17	63	7	45	fr
Milan	7	45	2	36	fr
Moscow	2	36	-2	28	o
Munich	2	36	-2	28	sw
Nice	15	59	12	54	o
Oslo	8	46	-1	30	o
Paris	12	54	4	39	fr
Prague	5	41	-1	30	fr
Reykjavik	5	41	2	36	o
Rome	16	61	5	41	cl
Stockholm	11	52	-2	28	fr
Strasbourg	9	48	-1	30	cl
Venice	11	52	3	37	cl
Vienna	3	37	1	34	sw
Warsaw	7	45	1	34	cl
Zurich	5	41	0	32	o

MIDDLE EAST

	HIGH C	HIGH F	LOW C	LOW F	
Cairo	33	91	18	64	fr
Istanbul	11	52	7	45	r
Manama	—	—	—	—	na
Riyadh	29	84	17	63	fr
Tel Aviv	32	90	15	59	fr

OCEANIA

	HIGH C	HIGH F	LOW C	LOW F	
Auckland	—	—	—	—	na
Sydney	24	75	19	66	r

ASIA

	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	35	95	26	79	fo
Beijing	9	48	-2	28	fr
Hong Kong	20	68	19	66	cl
Manila	32	90	23	73	fr
New Delhi	35	95	21	70	fr
Seoul	11	52	-2	28	r
Shanghai	8	46	6	43	fo
Singapore	32	90	24	75	st
Taipei	20	68	17	63	r
Tokyo	12	54	5	41	r

AFRICA

	HIGH C	HIGH F	LOW C	LOW F	
Algiers	19	66	5	41	fr
Cape Town	33	91	16	61	fr
Casablanca	19	66	12	54	fr
Harare	25	77	13	55	fr
Lagos	33	91	28	82	cl
Nairobi	27	81	16	61	o
Tunis	19	66	11	52	fr

LATIN AMERICA

	HIGH C	HIGH F	LOW C	LOW F	
Buenos Aires	26	79	17	63	fr
Lima	27	81	20	68	o
Mexico City	28	82	9	48	pc
Rio de Janeiro	29	84	21	70	o

NORTH AMERICA

	HIGH C	HIGH F	LOW C	LOW F	
Anchorage	2	36	-3	27	sw
Atlanta	21	70	13	55	st
Boston	10	50	3	37	r
Chicago	4	39	-6	21	pc
Denver	9	48	-3	27	o
Detroit	8	43	-7	19	o
Honolulu	29	84	20	68	pc
Houston	24	75	7	45	pc
Los Angeles	22	72	11	52	fr
Miami	30	86	24	75	pc
Minneapolis	2	36	-8	18	fr
Montreal	2	36	-8	18	pc
Nassau	30	86	22	72	pc
New York	11	52	6	43	r
Phoenix	33	77	12	54	fr
San Francisco	20	68	9	48	fr
Seattle	14	57	5	41	pc
Toronto	4	39	-6	21	pc
Washington	14	57	7	45	r

cl-cloudy; fo-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sw-snow; st-stormy.

SATURDAY'S FORECAST — CHANNEL: Choppy. FRANKFURT: Sunny. Temp. 9—-3 (48—27). LONDON: Sunny. Temp. 11—3 (52—37). MADRID: Cloudy. Temp. 15—5 (59—41). NEW YORK: Rain. Temp. 9—6 (48—39). PARIS: Sunny. Temp. 11—0 (52—32). ROME: Sunny. Temp. 17—11 (63—52). TEL AVIV: Not available. ZURICH: Cloudy. Temp. 9—-2 (48—28). BANGKOK: Partly cloudy. Temp. 35—27 (95—81). HONG KONG: Cloudy. Temp. 21—18 (70—64). MANILA: Fair. Temp. 34—22 (93—72). SEOUL: Rain. Temp. 9—4 (48—39). SINGAPORE: Showers. Temp. 33—27 (91—81). TOKYO: Cloudy. Temp. 12—9 (54—48).

صكا من الاصل

صحكا من الاجل

THE GULF: U.S. experts differ over the fate of Iraq's nuclear machinery — and of the scientists and engineers who can make it work.

Shamir Adamant On Land

He Also Defends Arab Expulsions

Reuters

JERUSALEM — Prime Minister Yitzhak Shamir said Friday that even talk about exchanging captured Arab land for peace was like being stabbed in the heart.

Mr. Shamir, in an interview with the newspaper Yedioth Aharonoth, also said that expelling Palestinians helped reduce violence in the occupied West Bank and Gaza Strip. Israel recently ordered the expulsion of four more Palestinians.

The United States has criticized expulsions and is pursuing a Middle East settlement based on Israel exchanging land captured in the 1967 Middle East war in return for peace with Arab countries and the Palestinians.

Asked if he ruled out ceding the Golan Heights to Syria, Mr. Shamir said: "The territory is part of the nation's soul. When someone talks to me about territory, he is stabbing me in the heart. I cannot even talk about it. It is part of my being, of me."

Mr. Shamir said he could not prevent the subject being raised at future peace talks, but he added: "If I still have any influence, I will strive to see that we come out of them healthy, complete and without diminished power."

Israeli hard-liners have been increasingly nervous about what they consider hints from government officials that Israel might negotiate the future of the Golan Heights in talks with Syria.

Mr. Shamir recently emphasized his opposition to talks on the issue by saying: "They could say to us, 'We want the Golan Heights,' and we'll say, 'We won't give it to you.' So here are your negotiations."

"We are always ready to negotiate in good faith," Mr. Shamir told the Jerusalem Post on Friday. "But if you ask me now if there is a chance to change the territorial situation with Syria, my answer would be negative."

Syria has demanded the return of the Golan Heights before discussing peace with Israel.

■ 3 Unarmed Arabs Slain

Three unarmed Arabs crossing the border from Jordan were killed Friday by Israeli soldiers, United Press International reported from Jerusalem, quoting army spokesmen.

The shootings followed the deaths this past week of two Palestinians in the Gaza Strip and the fatal stabbing of an elderly Jewish man.

The three unidentified males, believed to be about 20, 15 and 12 years old, entered Israel north of Jericho shortly after midnight and were chased by Israeli soldiers.

Other incursions across the border have involved armed guerrillas who were eventually killed in gun battles.

Booty Battle: It's Marines vs. the Allies

By Lee Hockstader

Washington Post Service

SHUAIBA, Kuwait — In a huge parking lot at the loading docks here, Iraqi tanks, armored personnel carriers and artillery are on the move again. But this time the drivers are U.S. Marines and the destination is the United States.

Major Dick Lane, a Marine intelligence officer supervising the operation, watches approvingly as one of his men fishtails past him, driving a clanking Iraqi carrier like a souped-up hot rod on treads.

The vehicle finally brakes to roll up a ramp onto an army landing craft, where several dozen other pieces of heavy Iraqi equipment are already loaded.

Having routed the Iraqi troops, coalition forces are scouring the desert for the spoils of victory.

Major Lane, a wiry officer assigned to the 1st Marine Expeditionary Force, and his crew of 25 men have racked up about 9,500 kilometers (6,000 miles) in the past month scavenging for still-operable Iraqi equipment that will be shipped back to the United States for Marine training exercises.

The items that Major Lane deems good enough are taken by truck to this port, 30 kilometers south of Kuwait City, where they are loaded and sent to Jubail, Saudi Arabia. There they are hosed down, patched up and checked by officials from the U.S. Department of Agriculture.

The crew so far has loaded 50 to 60 pieces of equipment on two ships bound for the United States. But Major Lane's team is only one part of the huge scavenging operation under way by the coalition forces.

The allied land thrust was so swift, and the Iraqi collapse so sudden, that President Saddam Hussein's troops abandoned thousands of pieces of equipment at their positions in the desert.

In warfare, the spoils go to the victor. But which victor? In the desert, possession is nine-tenths of the law, said Major Lane.

"One of the biggest factors limiting what I get is what I can get," he said. "A lot of folks are out there collecting this up for the same purposes that we are. I'm competing with the entire coalition."

Major Lane, who carries a field guide to Iraqi armaments in one pocket and a can of yellow spray paint in another, said he and his crew had "sort of have a shopping list," topped by self-propelled anti-aircraft artillery and multiple rocket launchers. When they find something they want, on go the letters USMC — for U.S. Marine Corps.

The larger items grabbed so far by the crew include Soviet-made T-72 and T-55 tanks; Soviet-made armored personnel carriers with 73mm cannon; artillery command reconnaissance vehicles; Soviet-made self-propelled 122mm howitzers; and Chinese-made armored vehicles used either as ambulances or command and control centers.

The chief targets are anti-aircraft artillery and multiple rocket launchers, and spray paint is the weapon of choice.

Romeo Gacad/The Associated Press

Officials of the National Iranian Oil Company inspecting flaming oil wells in Al Ahmadi field in southern Kuwait. Iran has experienced engineers who had worked on refineries that were damaged during the Iran-Iraq war, and it has offered to help Kuwait fight its oil fires.

Can Iraq Still Build a Bomb? 27.6-Pound Question for U.S.

By Michael Wines

New York Times Service

WASHINGTON — More than two months after allied warplanes first attacked Iraqi nuclear reactors and weapons-research centers, the United States is uncertain whether the raids destroyed 27.6 pounds of weapons-grade uranium that could be fashioned into a single atomic bomb, senior administration officials say.

The officials said the fate of the material, Iraq's only uranium that could be readily used in a nuclear weapon, might remain unknown at least until the International Atomic Energy Agency conducts its next semiannual inspection of that nation's nuclear materials.

In Vienna, where the agency has its headquarters, a spokesman said that inspection would normally occur this spring, but that the war in the Gulf and civil unrest in Iraq had put those plans into limbo.

Iraq has not responded to requests by the agency for assurances that the uranium remains under government control and is not being used to make weapons.

Baghdad has allowed international inspection of its weapons-grade uranium, but it said this year that the bombing of its nuclear reactors voided any commitment to international safeguards.

The material at issue is an orange-sized piece of 93 percent pure U-235, the form of uranium in which a chain reaction leading to a nuclear explosion can be set off. It has been alloyed with aluminum and molded into plates.

France supplied the uranium to Iraq for use in a medium-sized nuclear reactor at Tuwaitha, south of Baghdad, which Israeli warplanes destroyed in a 1981 raid. The uranium was later put in a smaller research reactor nearby. That reactor was destroyed by allied warplanes in January.

The Soviet Union supplied Iraq with about 22 pounds (10 kilograms) of uranium for a second research reactor at Tuwaitha. That reactor was also destroyed in January, and that material is presumed missing as well.

The uranium supplied by the Soviets is not as potent as the 27.6 pounds supplied by the French, but experts say it could be blended with the French material to make additional weapons fuel.

The uncertainty of the United States about the bomb-grade uranium casts some doubt on previous statements by military officials that the allied coalition had eliminated President Saddam Hussein's ability to make nuclear weapons.

General H. Norman Schwarzkopf, American commander of the coalition forces, said in late January that warplanes "have neutralized their manufacturing capabilities, their nuclear manufacturing capability."

Secretary of Defense Dick Cheney said in February, referring to the Iraqi leader, that warplanes had "destroyed his capacity to produce weapons of mass destruction, nuclear and biological weapons, and significantly reduced his chemical weapons capability."

Government and private arms experts agree that air raids probably wiped out Iraq's ability to quickly assemble a bomb by destroying the factories and laboratories where a weapon would be assembled.

They differ over whether Iraq moved into shelters the sophisticated machinery needed to build bombs, or whether the raids killed the scientists and engineers who are vital to Iraq's long-term nuclear ambitions.

Some U.S. officials said they were less worried about Iraq's ability to use the uranium than about the remote chance that it could fall into the wrong hands outside Iraq.

"I'd be worried about 27 pounds of enriched uranium sitting in the middle of civil chaos," an official said. "Wouldn't you?"

King Hussein, in Paris, Seeks Role

By William Drozdiak

Washington Post Service

PARIS — King Hussein of Jordan on Friday expressed new willingness to accept a confederation with the West Bank as a way of achieving a breakthrough toward a Middle East peace settlement, French officials said.

In a two-hour meeting with President François Mitterrand, King Hussein showed "new flexibility" about the peace process, officials said. This was the king's first visit to a Western country since the Gulf war. He supported Iraq in the conflict.

The officials said Mr. Mitterrand and the king agreed that no serious progress could be achieved until the Israeli government dropped its firm resistance to any territorial concessions, the officials said.

King Hussein had previously abandoned all claims to the West Bank, which Jordan administered before the Israeli occupation in the 1967 Middle East war. In July 1988, the king insisted that "Jordan is not Palestine" and that his kingdom would relinquish its historic links to the territory. He said he could no longer speak for the Palestinians and that the world would have to accept a separate Palestinian state.

Now, in the aftermath of the Gulf war, senior French officials said the king seemed to recognize that reviving the notion of a confederation with the West Bank may be one of the most pragmatic approaches toward a resolution of the Israeli-Palestinian conflict.

After the talks with Mr. Mitterrand, the king said the allied defeat of Iraq "opens a new window" that could be closed quickly if aspirations for a peaceful settlement were not fulfilled.

He said the time was ripe for active diplomacy to solve the fundamental problems of the region and that his country had a "very, very important" role to play. But he emphasized that a comprehensive settlement would prove impossible to achieve without the full participation of the Palestinians.

A French presidential spokesman said Mr. Mitterrand and the king agreed to have their foreign ministers "work together on every initiative" in order to coordinate positions of the two countries in the postwar diplomatic campaign for an overall Mideast peace settlement.

But French officials said the two leaders concurred that Washington and Jerusalem would have to make the next moves to break the deadlock. The Israeli government of Prime Minister Yitzhak Shamir has rejected the concept of surrendering land for peace, and until that view changes there was little hope for rapid progress, the officials said.

Mr. Mitterrand and King Hussein have supported an international peace conference on the Middle East held under the auspices of the United Nations. But France has submerged that view recently in favor of backing the United States' two-track effort to encourage direct dialogue between Israel and the Arab states, and between Israel and leading Palestinians inside the occupied territories.

Lee Atwater Dies, Ran Bush Campaign

By Michael Oreskes

New York Times Service

WASHINGTON — Lee Atwater, 40, manager of George Bush's 1988 presidential campaign and former chairman of the Republican National Committee died from a brain tumor that struck him at the peak of his political success.

In the world of American politics, Harvey LeRoy Atwater, known to everyone as Lee, was both a product and a symbol of his times. He was one of the Republican Party's best political tacticians, feared for his readiness to attack opponents and his skill in carrying out those attacks.

He was only 37 when George Bush named him chairman of the Republican National Committee as a reward for managing Mr. Bush's 1988 presidential campaign.

Mr. Atwater was one of the youngest chairmen in the party's history and a principal Republican proponent of the view that his generation, the baby boom generation, was going to reshape politics.

While he loved to talk in grand sweep about the shape of the electorate, Mr. Atwater was best known for his street-fighting skills — skills that his critics said included a willingness to distort positions, smear opponents and use racial and ethnic messages.

Lee Atwater, born on Feb. 27, 1951, in Atlanta, spent virtually all his childhood in South Carolina, in a political world still dominated by Democrats.

To those who complained that the presidential campaign he ran for Mr. Bush in 1988 was empty and unpleasant, Mr. Atwater replied: "We had only one goal in the campaign: to help elect George Bush. That's the purpose of any political campaign. What other function should a campaign have?"

Mr. Atwater's life was built around a single passion: politics. "My entire adult life, I've had exactly one job, which is managing campaigns," he said in 1989, on the day that Mr. Bush named him chairman of the Republican Party. "I really had two goals in life: one, to manage a presidential campaign, and to be chairman of my party."

But little more than a year after achieving his second goal, Mr. Atwater, collapsed while giving a fund-raising speech for Senator Phil Gramm of Texas. Doctors discovered the brain tumor.

In a first-hand account of his struggle published in Life Magazine in January, Mr. Atwater said: "The doctors still won't answer that nagging question of mine: How long do I have? Three weeks. Three months. Three years. I try to live as if I have at least three years, but some nights I can't go to sleep, so fearful am I that I will never wake up again."

Friends said that Mr. Atwater spent his final months searching for some spiritual peace. The man renowned for the politics of attack turned to apologies, including one to Governor Michael S. Dukakis of Massachusetts, the 1988 Democratic nominee.

In the Life article, Mr. Atwater said: "In 1988, fighting Dukakis, I said that I 'would strip the bark off the little bastard' and 'make Willie Horton his running mate.' I am sorry for both statements: the first for its naked cruelty, the second because it makes me sound racist, which I am not."

Mr. Horton was a black convicted murderer who escaped from the Massachusetts prison system while on a weekend furlough and went on to rape a white woman and stab her husband. The Bush organization, which campaigned relentlessly on the Horton case, was widely criticized as appealing to racial fears.

The 1988 campaign was both admired for its technical virtuosity and condemned for its use of symbolic issues to depict Mr. Bush's Democratic opponent, Governor Dukakis, as a liberal who released murderers on prison furlough, polluted Boston Harbor and refused to require the "pledge of allegiance" in school.

Mr. Atwater, an accomplished guitarist and blues singer, also had attained his dream of performing with some of the greatest rhythm and blues musicians. He was featured along with B.B. King, Isaac Hayes and Billy Preston on "Red, Hot and Blue," a rhythm and blues album issued last spring.

■ *Other Deaths:*

Aldo Ray, 64, a film actor who excelled in military roles and in comedy, of throat cancer and complications from pneumonia. Wednesday in Martinez, California. He specialized in portraying thick-witted but lovable tough guys in combat epics like "Battle Cry" (1955), "Men in War" (1957) and "The Naked and the Dead" (1958).

Bishop Zgon Der Hagopian, 86, former primate of the Armenian Dioceses of Baghdad and of Milan, of pneumonia on Monday in the Bronx, New York.

Alfredo Campoli, 84, the Italian-born violinist who gave his first London performance at the age of 13 and went on to become a leading concert violinist, Wednesday in Buckinghamshire northeast of London.

Eileen Joyce, 78, a concert pianist who became known for playing Rachmaninov's Second Concerto in the 1945 British movie classic "Brief Encounter," Monday in Westerham, south of London, her family announced Friday.

Court Says U.S. Can Test Job-Seekers for Drugs

The Associated Press

WASHINGTON — A federal appeals court upheld Friday a Justice Department requirement that all job applicants submit to a test to detect possible use of illegal drugs.

The 2-to-1 ruling of the U.S. Circuit Court of Appeals for the District of Columbia lifted a lower court injunction that had barred the Justice Department's antitrust division from requiring job applicants to take a urine test. The court held that the government's interest in screening out possible drug users from people it hires outweighed the applicants' constitutional rights to privacy.

Schwarzkopf Apologizes To Bush for 'Poor' Words

By David B. Ottaway

Washington Post Service

RIYADH — General H. Norman Schwarzkopf said Friday that he had apologized to President George Bush for what he called a "poor choice of words" in telling a television interviewer he had recommended that allied forces press on to "annihilate" Iraqi forces and for suggesting that he had disagreed with the White House on ending hostilities.

Clearly stung by mounting press criticism of his comments, General Schwarzkopf said at an impromptu appearance at the U.S. military's press center here that Mr. Bush had called Thursday to tell him to "forget" the matter and to reassure him that he still had "great confidence" in him.

"I apologized to the president," he said. "I said I am extremely sorry that a poor choice of words on my part in any way would result in dishonor cast upon you."

Mr. Bush learned that General Schwarzkopf "felt very bad" about the interpretation his comments had been given in the press, the general said, "and being the great man that he was, he called up to tell me to forget it."

The president "knew exactly how the decisions were made."

"He had great confidence in me and he knew that I in no way intended to cast any dishonor or even criticize him in any way and that made me feel great," he said.

The general went to great lengths to make clear that he had been fully consulted on the decision of when to end hostilities and that he had agreed totally on the timing of Mr. Bush's decision.

The war came to a halt on Feb. 28 as U.S.-led allied forces were closing the last escape routes to the north for the Iraqi troops fleeing Kuwait.

"I agreed 100 percent with the decision, and I think it was a correct decision," the general said Friday. "I thought it was a correct decision then and I think it's a correct decision now."

"Generals aren't in the business of commenting on the correctness or incorrectness of the president's decisions," he added. "Anybody who thinks he should be able to do that ought to be fired on the spot."

These were his first public comments on his interview, which was taped March 20 and broadcast Wednesday night. In the interview, he said that his personal recommendation had been to "continue the march" into Iraq.

"We could have completely closed the door and made it a battle of annihilation," he said then.

His comments, suggesting a substantial difference of opinion over when to end hostilities, provoked an immediate rebuke from the White House and from Defense Secretary Dick Cheney, who insisted that General Schwarzkopf had been fully consulted and agreed on the timing.

U.S. Navy Holds 2 in Carrier Crew For Pro-Iraq Plot

The Associated Press

MANILA — Two American sailors have been ordered to stand trial on charges of plotting to sabotage the aircraft carrier Ranger in support of President Saddam Hussein of Iraq, the U.S. Navy said.

A report from the U.S.-run Subic Bay naval station said the sailors were charged with "urging disloyalty, mutiny, or refusal of duty" while aboard the carrier at sea in the Gulf region in January.

A navy spokesman said the two, Airman Apprentice Abdul H. Shaheed, 22, of Saint George, South Carolina, and Seaman Apprentice James L. Moss, 21, of Marrero, Louisiana, were accused of encouraging fellow sailors to sabotage the Ranger's aircraft launching system and kidnap the skipper, Captain Ernest Christensen.

The spokesman said the alleged plot was in support of Saddam Hussein's call for a worldwide jihad against the United States for its military moves against Iraq.

North Dakota Cites Dr. King

The Associated Press

BISMARCK, North Dakota — North Dakota has become the 48th state to give its workers a paid holiday in memory of the Reverend Martin Luther King Jr. Governor George A. Sinner signed the legislation on Thursday.

AMERICAN TOPICS

Televised Executions Debated in California

A San Francisco television station's request to videotape executions at a California prison has prompted a debate on whether broadcasting a dying convict's last moments will eventually end capital punishment in the United States.

KQED, a publicly supported station, is seeking a court order that would permit it to videotape executions in the gas chamber at San Quentin prison for broadcast at a time when children would not see them. Prison officials strongly oppose the idea.

Death Penalty Focus, a California group formed in 1987 to end capital punishment, wants the gruesome scenes televised, arguing that the impact will be so repulsive to Americans that they will finally bring executions to an end. The last public execution in the United States occurred in the 1930s.

But Robert Ryan, a San Francisco lawyer and expert on capital punishment, which he personally opposes, disagrees that television would change popular views on the death penalty. Moreover, he talked to the death row inmates themselves and discovered that they disliked the idea, that they "don't want to be a part of people's entertainment on Saturday night."

Short Takes

Some pastors are beginning to use "the Creator, Redeemer and Sanctifier" in place of "Father, Son and Holy Spirit." They say this avoids the male-centeredness of traditional Christianity. The conference of bishops of the Evangelical Lutheran Church in North America demurs. "We must be pastoral and sensitive in speaking to the issues of our time," the bishops said in a statement; but "none of these diversified figures of speech may rightly be employed as exchangeable equivalents of God's name — 'Father, Son and Holy Spirit.'"

Kansas City, Missouri, has elected its first black mayor. He is Emanuel Cleaver, 46, a three-term city councilman and full-time United Methodist minister. Kansas City is 26 percent black. Mr. Cleaver won 53 percent of the votes, defeating Bob Lewellen, a white city councilman and businessman, who got 47 percent. Max Skidmore, a political science professor at the University of Missouri-Kansas City, said of the mayor-elect, "His whole career has been spent building bridges between the races."

The chairman of Continental Bakeries, Jay W. Brown, takes Michael E. Porter of the Harvard Business School to task for a study citing Wonder Bread as an example of U.S. manufacturing mediocrity. Wonder Bread is enriched, fortified with vitamins and minerals and bursting with calcium and fiber, Mr. Brown says in a letter to The Washington Post. He adds, "Wonder Bread did not achieve its position as the No. 1 selling bread in the United States by being tasteless and without nutritional value."

Drug dealers in New York are punishing addicts who fail to pay up by carving them a "happy face," slashing their faces from ear to lips in a phenomenon known as the "crack smile." Doctors at New York University Medical Center said they had treated six such cases in the last six months. They said that if the slashes were deep enough they could injure the facial nerve and salivary ducts.

Shorter Takes: In Kuwait, Baghdad Street has been renamed after the U.S. chief executive, misspelled Busch. On street signs, "Baghdad" in Arabic has been crossed out and Busch, in both Arabic and English, painted in. ● The Idaho Legislature has approved legalizing the use of the hallucinogenic drug peyote in American Indian religious ceremonies. Unless vetoed by the governor, the bill would make Idaho the 24th state to legalize religious use of the drug.

Arthur Higbee

INTERNATIONAL Herald Tribune

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GERMANS: *It's Hard Rolling After the Start for a Free Eastern Press*

(Continued from page 1)

Bonn politicians who have not visited the east, revealing the identities of old Communist bosses who still run eastern industries, patiently explaining the quirks of the western system.

To most of the western press, however, the east is still "*drüben,*" the old, derisive term for "over there," on the other — read "wrong" — side of the divide.

In eastern German newsrooms, the new hires are nearly all homegrown. A lone western reporter who got his first job at the Chemnitz Freie Presse says no one else in his journalism class even considered going east to work.

Eastern Germans find themselves choosing between thin, eastern-oriented newspapers whose imported western editors believe their readers cannot understand complexities and the thick, sophisticated western German dailies, which offer themselves to eastern readers as is — no special coverage or features targeted to their interests.

The other alternative, what remains of the old East Germany, is quickly vanishing. Junge Welt, the Communist youth daily, lost 90 percent of its 1 million circulation and finally shut down a few weeks ago. Neues Deutschland, the Communist Party organ, which once printed 42 photos of Mr. Honecker in a single issue, is expected to be sold off later this year.

The few new press ventures in the east have met with little success. Super Ossi, a screeching tabloid started last month by an East German dissident who fled to the west two years ago, is an attempt to "strengthen the self-confidence of Ossis, who are much better than the reputation Wessies gave them," said publisher Helfried Schreiter.

But the paper's mix of megaheadlines and stories like "Western Porno Queen Rags on Men — Ours!" has yet to win the hearts and minds of the east.

In a few cases, the western media's failure to connect is not for lack of trying. Monika Zimmermann, one of West Germany's finest daily journalists, gave up her job as East Berlin correspondent for the Frankfurter Allgemeine to take on the task of remaking Neue Zeit, an East German party organ that the Frankfurt paper bought last year.

"It's been slow going," she said of her work with the paper's Communist-era staff. "The don't have the courage to give their own opinions. They like to write interviews, so they don't have to say what they think."

Neue Zeit remains a remarkably provincial and slight paper, intentionally so. "The readers here aren't used to something so large," she says. "They're not used to commentary and irony and all that."

So instead of the contemplative analysis and intellectual debate that fills western Germany's big papers, easterners get a diet of short, unchallenging articles on local political and business news.

A rare exception is found in a two-room apartment on a grungy street in Leipzig. Teenagers and midcareer writers compete for time on the four Atari computers, rushing to complete the next issue of Die Andere Zeitung, or DAZ, the invention of a youth who quit high school to start the east's first independent paper.

The youth, Jan Peter, now 21 is a startlingly confident editor whose alternative weekly has done the most aggressive and comprehensive job of infiltrating neo-Nazi and radical right youth gangs.

"We're trying to take the best of east and west, and not just be like the western papers," he said. "The other eastern papers still write in the old boring Communist style. They only changed their political dogmatism." DAZ's oldest editor is 34.

A Kurdish rebel in the D'hok region of northern Iraq displaying an Iraqi artillery shell.

BRAZIL: *A Husband's 'Honor' Is No Longer a Legitimate Legal Defense*

(Continued from page 1)

dealing with complaints of rape and domestic violence.

These police stations quickly revealed the dimensions of violence against women, accompanied by widespread publicity — so much so that a television soap opera borrowed the name and the theme.

In São Paulo, Brazil's most populous city with 18 million people, one of the six women's stations received complaints from 7,000 women in 1988. In Recife, with a population of 1.5 million people, the women's police station last year received 4,554 complaints of domestic violence.

In Brazil's large coastal cities, juries have increasingly rejected the "defense of honor" as old-fashioned, but the strategy continues to sway juries in the interior.

"In the interior of the country, it is easier and cheaper for a man to hire a gunslinger to kill his wife than to get a divorce and to separate the property," said Rose Marie Muraro, a feminist writer who lobbied against the "honor" defense.

The case that came before Brazil's Supreme Court in Brasília this month was typical of hundreds of less celebrated cases in recent years.

In the coffee-processing town of Apucarana, in Paraná State, João Lopes became enraged in August 1988 when his wife, Teresa, announced that she was leaving him. Mr. Lopes searched the town for two days until he caught up with Teresa and her lover, José Gaspar Felix, at a hotel.

Bursting into the hotel room, Mr. Lopes stabbed his rival to death. His wife fled, but he caught up with her, killing her with two knife thrusts.

At the first trial, the nine-member, all-male jury accepted the defense attorney's argument that Mr. Lopes had killed to defend his honor. An appeals court upheld the verdict.

But in a 3 to 2 decision on March 12, the Supreme Court rejected the "honor" defense.

"Homicide cannot be seen as a normal and legitimate way of reacting to adultery," wrote the majority. "Because in this kind of crime what is defended is not honor, but vanity, exaggerated self-importance and the pride of the lord who sees a woman as his personal property."

To women's rights advocates, the court's decision is not pioneering, but rather the consequence of a larger change in societal attitudes.

"The decision reflects a victory of the women's movement in the political game," said Ms. Pitanguy, who promoted the spread of the women's police stations when she was president of the National Council of Women's Rights in the late 1980s.

Nevertheless, on the day the Supreme Court ruled against "defense of honor," it also ruled that the use of a weapon in a rape attempt did not constitute "real violence" but only a "moral threat."

Many Brazilian feminists see rape as the issue of the 1990s, and speak of the case of Eduardo Luis Carneiro Ximenes, a successful Recife businessman and lawyer.

Last week, Mr. Ximenes, 38, was detained after seven women said that he had raped them. After local television broadcast the confrontation between Mr. Ximenes and his accusers, the police received rape complaints against him from 63 more women.

But, noting that an arrest warrant was never issued, a local judge freed Mr. Ximenes. By the time an arrest warrant was issued, Mr. Ximenes had fled Recife.

18 Die in China Bus Plunge

BEIJING (AP) - Eighteen tourists from Taiwan were killed and four people were missing after a tour bus plunged into the sea in Fujian province in China, an official newspaper reported Friday.

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4 Guilty in Vienna Hospital Deaths

By Ferdinand Protzmann
New York Times Service

VIENNA — An Austrian court on Friday convicted four nurse's aides from Vienna's Lainz Hospital of murdering scores of elderly, infirm patients either by lethal injection or by forcing water into their lungs, a practice the four women referred to as "mouth care."

The nurse's aides, called the "Angels of Death" or "Murder Sisters" by the local press, received sentences ranging from 15 years to life in prison.

The macabre story came to light in April 1989, when the nurse's aides, who worked together in the First Ward of Pavilion V at Lainz, were arrested and confessed to killing at least 49 patients whom they had found "bothersome" or too demanding.

They later retracted substantial parts of their confessions, saying they had killed only a handful of terminally ill patients to alleviate their intense pain.

After exhuming a number of suspected victims, the state formally charged the women with murdering 42 people, although the state prosecutor, Ernst Kloyber, said the actual number of victims was probably much higher and might never be known. Press reports claim the total is well over 100.

"This was no mercy killing, but cold-blooded murder of helpless people, which reminds us of a period in Austrian history none of us likes to remember," Mr. Kloyber told the jurors, referring to medical atrocities committed in the Nazi death camps. "These four enjoyed the feeling of being able to decide over life and death."

The eight-member jury agreed. They found Waltraud Wagner, 32, described as the ringleader, guilty of murder, attempted murder and causing deliberate bodily harm. Miss Wagner collapsed when the verdict was read. She received a life sentence.

Irene Leidolf, 27, was also given a life sentence. She has filed an appeal. Stefanija Mayer, 51, was sentenced to 20 years, and Maria Gruber, 29, received a 15-year sentence. Under Austrian law the sentences could be cut in half for good behavior.

YELTSIN: *A Call for Talks on Soviet Economic Crisis*

(Continued from page 1)

the formation of a broadly based opposition party, and the end of state controls over news organizations. He depicted the talks between government and opposition as the first stage toward the creation of a coalition government of "national agreement."

Insisting that Mr. Gorbachev had "lost the people's trust," Mr. Yeltsin drew a comparison between the Soviet leader and his discredited predecessor, Leonid I. Brezhnev, who is now accused of presiding over an era of "stagnation."

"The objective results of the past six years have shown that we have been dealing not with *perestroika,* but rather the last phase of stagnation," Mr. Yeltsin said.

■ U.S. Support for Estonia

President George Bush met Friday with President Arnold F. Ruutel of Estonia and restated "the unequivocal support" of the United States for the Baltic state's right to self-determination, United Press International reported from Washington.

A White House spokesman, Roman Popadiuk, said Mr. Bush expressed his outrage over the use of force in Latvia and Lithuania in January, and "emphasized his conviction that the only solution to this situation was good-faith negotiations between the Baltic states and Moscow."

"He assured President Ruutel that he had personally made this point to President Gorbachev on many occasions," Mr. Popadiuk said.

BLACKS: *Violence Spurs Fears*

(Continued from page 1)

Archbishop Tutu said. Factional fighting has caused 5,000 deaths in Natal and the Transvaal since 1986. Mr. Mandela and Chief Buthelezi, who met in January in an attempt to resolve differences between their groups, have not fulfilled a promise to hold joint peace rallies.

The credibility of the police, never strong in black townships, suffered a setback Sunday when riot police in Daveyton, east of Johannesburg, tried to disperse a group of ANC supporters. Each side has blamed the other for the fighting that followed, in which 13 people were killed, including a white police sergeant, and nearly 30 were wounded.

While Inkatha was not involved, the ANC supporters had armed themselves because they said they feared an attack from Inkatha members attending their own rally in the township.

IRAQ: *Setback for Kurds*

(Continued from page 1)

Friday after troops loyal to Mr. Hussein recaptured Samawa, which was believed to be the last major town held by the rebels in southern Iraq.

Iraqi troops used helicopters, missiles and heavy artillery to seize control of Samawa on Thursday night after five days of bitter fighting.

"Tell the world about us," said Ghazi Abdul Razzak, a rebel who escaped from Samawa. "We need help to get rid of the butcher."

Despite the discouraging news for the opposition, an allied military source in Saudi Arabia said the uprising in Iraq could drag on for months with Mr. Hussein's defeated army proving unable to match the mobility of the rebels as they switched attacks from one end of the country to the other.

The sources, speaking Friday in the Saudi capital, Riyadh, said the Iraqi Army, defeated by the allies in the Gulf war, did not have the manpower to quickly crush the Kurds.

Fighting throughout Iraq could drag on for weeks or even months with rebel resistance continuing the same way the Afghan mujahidin fought the Soviet Union, they said.

One U.S. military official said, "It seems like the rebels are one or two steps ahead — the way the violence is moving around and the way the Iraqi forces are being moved from one end of the country to another to cope with it."

"This rebellion will drag on mainly because pressure points keep shifting from one place to another," he said. "The rebels will hold out for as long as they can, but if they have to bail out they will."

"It's a bit like the kid trying to plug three holes in the dam with two fingers — when he moves one, another hole opens," he added. "They don't have much of an army left, so they really have to scramble."

The sources said Mr. Hussein initially shifted several divisions of troops stationed at the border with Turkey, Iran and Syria to quell rebellions that broke out in the south after the bulk of his army was defeated.

"He seemed to be getting a grip on it, but when the Kurds got going he had to shift them all north," a Western military source said. "Then the fires started breaking out again in the south."

"He can't hold the Kurds and the south is nowhere near as crushed as he would have us believe," he said. "There's a lot of claim and counterclaims, but I would doubt whether his army could retake Kirkuk and hold it."

The sources said that tens of thousands of disillusioned Iraqi soldiers who deserted during the six-week war had joined the rebels with their artillery, shoulder-held anti-aircraft weapons, anti-tank weapons and other arms and ammunition.

Allied military sources put the strength of forces still loyal to the Iraqi government at about 16 divisions, or about 150,000 to 200,000 troops, mainly infantry.

Government troops launched their offensive against Kirkuk, a major oil-producing center in Kurdish territory, earlier this week, using tanks, artillery and helicopter gunships.

The official Iraqi press agency INA said Thursday that resistance in the city crumbled swiftly and that government forces "completely and totally purged the city of agents and sabotage before noon."

In addition to Kirkuk, government troops also launched a combined tank and helicopter attack on the town of Sheikhan, between D'hok and Arbil, recapturing it, according to rebels and refugees speaking to reporters in Iraq..

(Reuters, NYT, AP)

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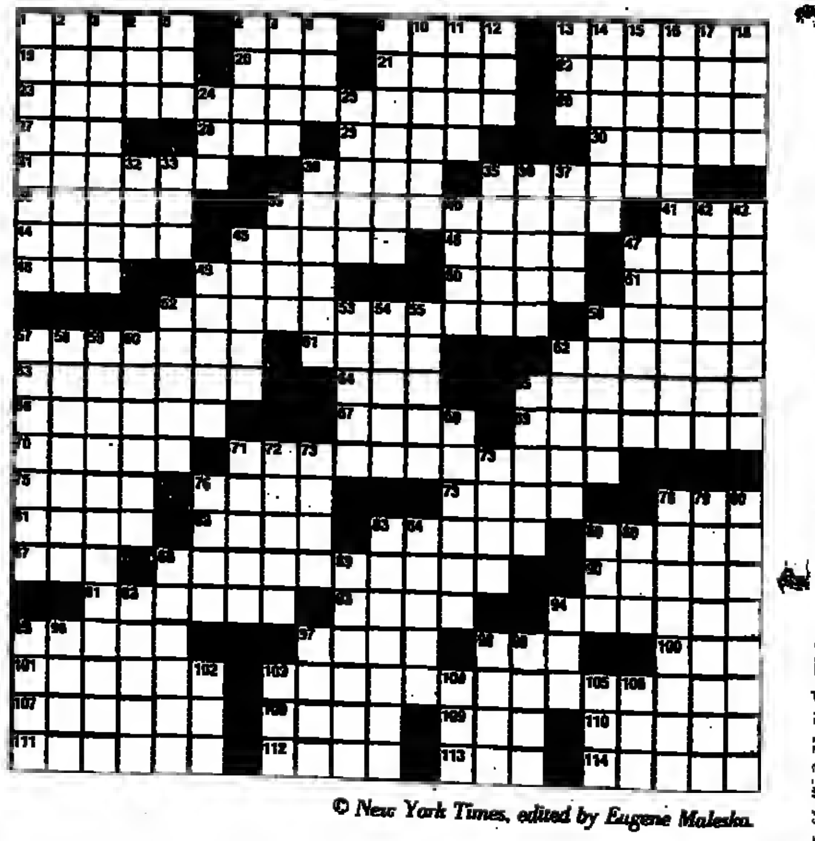

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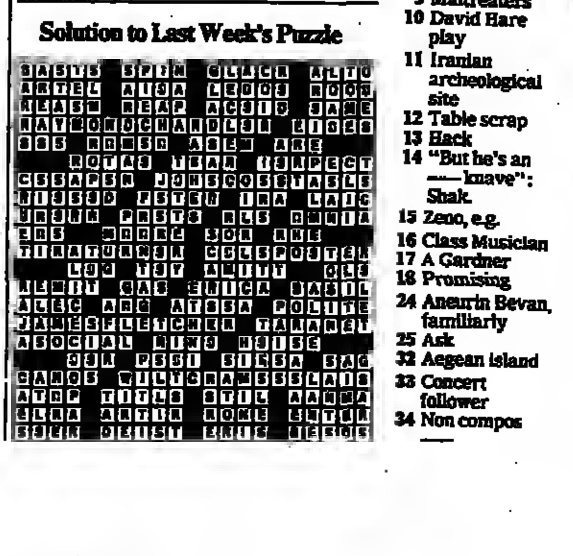
Solution to Last Week's Puzzle



هكذا من الاصل

Art Treasures Among Kuwaiti Loot

SOUREN MELIKIAN

International Herald Tribune

LONDON — Private art holdings are the first to suffer in wartime and the events in Kuwait have been no exception, notably in the case of the two major collections of objets d'art and manuscripts from the Islamic world formed in Kuwait in the last 15 years.

One belongs to Sheikh Naser as Sabah, a member of the ruling family. It was on loan to Kuwait's Dar al Athar al Islamiya — The House of Islamic Works of Art. Its removal to Iraq has been reported, although there has been little information about the individual works. The other is that of the collector Jasim al Homaizi, who recently received word from friends that during the occupation his house had been looted of much, perhaps half, of the collection.

The Sheikh Naser collection included a large group of early metalwork, excavated glass and pottery, all from Iran and of considerable fragility. In some cases the works have never been published and remain unknown even to the majority of art historians in the field.

A striking example is an unusual casket decorated with geometrical patterns borrowed from architectural design and inlaid in white ivory, dark wood and green stained wood or bone. Possibly made in Egypt in the late 15th century, it is pictured here for the first time. Hardly any of the early works executed in this technique in the various parts of the Islamic world have come down to us because of their fragility. How Sheikh Naser's dainty casket fared, exposed to a rough ride to Iraq, wild climatic variations and storage in conditions unknown does not bear thinking.

Like some other important works, the precious casket was acquired from Jean Soustiel in Paris and found its way into the Sheikh Naser art board through Al Homaizi. Not a word has been written about the disappearance of the collection built up since 1975 by Al Homaizi, which is in the same league as the Sheikh Naser collection. I first got to know it in Kuwait in 1983-84 while working on a book on the unique Syrian manuscript of the "Kitab Sulwan al Muta'," in the Al Homaizi collection, which allowed me to establish the existence of the 14th century Damascus school of painting and to suggest reasons for the abrupt ending of the art in the Arab world at about that time. As I further embarked on a survey of the metalwork, I was astounded in discover major pieces or schools previously unknown.

Al Homaizi, who was born in Kuwait in 1939, studied mathematics and took a bachelor's degree in anthropology from the University of California at Berkeley, which he then left for Saint Anthony's College in Oxford. By the late 1960s, he was back in Kuwait with his Danish wife, Hanna, working as a partner with his father in the family retail business. He was simultaneously running his own office equipment company.

His collection at first took the form of acquisitions for his house. One of his first purchases was a 19th century Iranian rug from Joshaghan, bought in Cairo in 1967. The year after, he says, he found a Mamluk glass bowl in the same shop. By 1975, he was collecting in a systematic way, buying from the trade in Paris and London, and at auction, usually through dealers.

A selection of his pottery, metalwork, ivories, textiles, manuscripts, and architectural elements, was included in an exhibition of Islamic art held in 1987 at the Louisiana museum, north of Copenhagen. There were a few stunners, such as a pair of 13th century brass door handles, clearly from Iraq. These call for comparison with the patterns carved in stone in some Mosul monuments. A smaller pair in a more subdued style was also unmatched. These, Al Homaizi said in an interview, have disappeared from his house.

The list he gives is depressingly long. One is a splendid 10th century bowl illustrated in the 1987 catalogue, decorated with a single line of grayish blue calligraphy on the ivory ground. It belongs to a group routinely ascribed to Iraq in Western literature since World War II, although consistently represented by pieces that turn up on the Iranian art market. The calligraphy gives the name of an artist which the catalogue was unable to decipher. It is probably to be read "Salih." Two early bowls painted in luster, one with palmettes, the other with a formalized vegetal pattern, are likewise gone. Missing too is a remarkable 10th century bowl from the eastern Iranian city of Neyshabur (Nishapur) decorated in shades of brown slip with several half palmettes.

Much of the metalwork has vanished. This includes two ninth century bronze ewers with pear-shaped bodies originating from Khorasan in eastern Iran — the 1987 "Iraq" label notwithstanding — where they were originally acquired, and a fantastic candlestick of the 13th century school from Iraq, possibly Baghdad, unknown until this and another related candlestick turned up in 1983.

The heavy, cumbersome architectural pieces have also been removed from Al Homaizi's house. A 53-centimeter (21-inch) wide marble capital from a palace in Córdoba is no longer there. It was made in 996 by order of the Umayyad Caliph. Hardly any such pieces have left Spain.

Gone too is the equally unobtainable wooden beam two meters (6½ feet) long, carved with Kufic scripts and dated to the equivalent of 898 in the Christian calendar; a funerary alabaster stela, described in 1987 as being from "Iraq or Iran; 12th century," but almost is 13th century, and a hitherto unique low relief of a humped bull from northern Iraq or northeastern Syria, in historical Jazira, that Al Homaizi bought from Sotheby's in 1989.

When Al Homaizi left Kuwait with his older brother on Aug. 11, all these were in his house. As he jumped into the car that took them to Saudi Arabia, he took only two cherished possessions, the 14th century "Sulwan al Muta'," manuscript and an astrolabe bought in Paris. This is dated 374, corresponding to 984-985, and has the signature of a famous Iranian astrolabe maker and mathematician from Rey, Al Khujandi.

UNTIL March 5, Al Homaizi did not have a clue as to what might have happened to his house, on the beach front in the Funtas district, turned by the Iraqis into a military zone. That day, Nishari as Sar'awi, a retired Kuwaiti Army colonel, and a childhood friend, went to inspect the house with Salim al Bakr, another friend. He was able to call Copenhagen and inform the collector that his house was still standing.

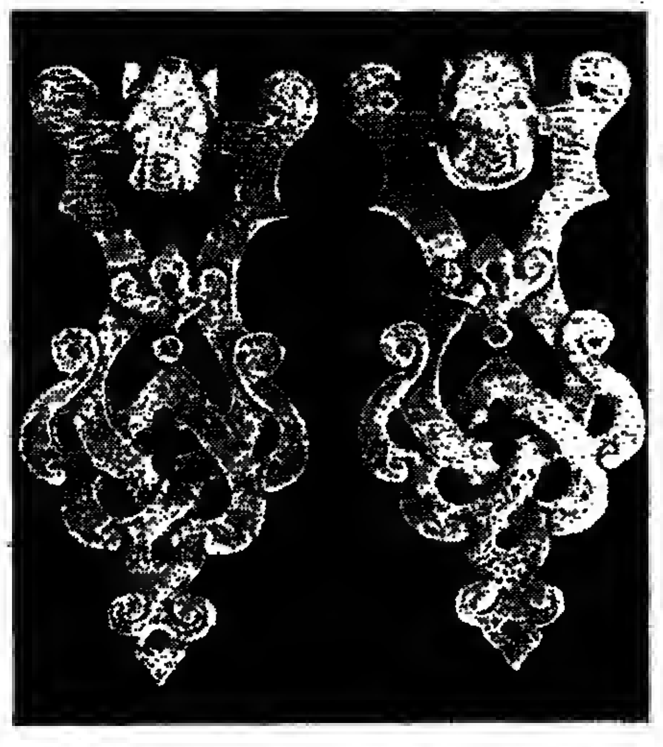
The next day another friend, Ali Dashti, managed to find his way to the house and called to describe its condition. The strongroom had been broken into with the use of a blowtorch. The house had been ransacked and the furniture removed. Slogans in praise of Saddam Hussein and the Ba'ath party were sprayed all over the walls. He called again saying two other safes holding personal belongings had been emptied.

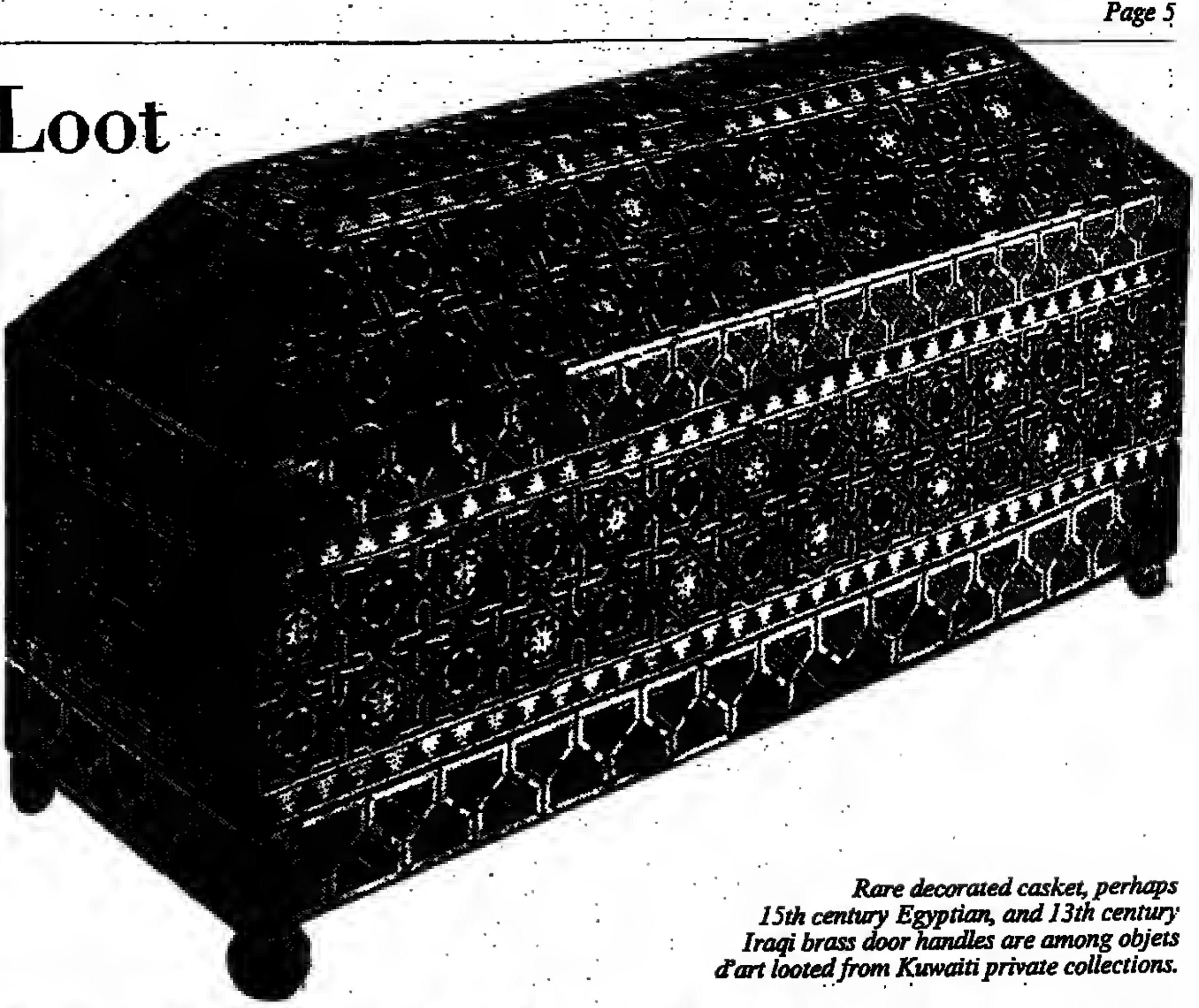
On March 7, Salim al Bakr supplied further details. Of the 25 carpets covering the floors, one was left. The wooden chest holding the early pieces such as a 17th century Isfahan gelim (or flat-weave, often spelled "kilim," its turkicized fashion) and a large Turkish kilim of the same period with a repeat floral pattern, was empty. The two pear-shaped bronze ewers, the two early luster bowls, and countless other works were confirmed as missing.

Al Homaizi reckons that of the 200 pieces of metalwork or so, less than half remained. About the same number of pottery vessels have disappeared. On Thursday further information was received from Kuwait. All the heavy pieces have been taken away including a Mogul marble planter that took eight men to move when Al Homaizi bought it in London. The manuscripts left about the house, the pages of calligraphy framed on the walls have vanished.

The collector sees this as an encouraging sign — a whole team must have been at work to move it all. On the other hand, the section of an Andalusian Koran bought many years ago at Sotheby's was seen in Beirut around Christmas time by Sotheby's expert Nabil Sa'idi, who immediately alerted the collector as well as Western dealers and auctioneers.

Asked where he thinks his pieces might be for the most part, Al Homaizi says, "Probably with highly placed people in Iraq." He does not believe they were taken or resold, just seized as booty. What does he hope for next? "They should return the stolen goods. That is part of the United Nations Resolution."





Rare decorated casket, perhaps 15th century Egyptian, and 13th century Iraqi brass door handles are among objets d'art looted from Kuwaiti private collections.

The Man Who Reshaped Paris

By Martin Filler
New York Times Service

IF any city plan can be seen as the environmental expression of national characteristics, then Paris is among the most obvious. It is a veritable diagram of the French proclivity for centralization, rationalism and prestige. It is also proof of what one dynamic individual can do to reshape a city, a kind of leadership many people long for today, as our urban problems often seem insurmountable, especially through design.

The man who created Paris as we now know it died there 100 years ago at the age of 81. But the legacy of Baron Georges Eugène Haussmann, city planner nonpareil, has long outlived him. For historians and critics in recent years, opinion has been sharply divided. Was Haussmann the selfless benefactor of civic progress seen by his admirers, or a cynical promoter of a new consumer culture, as seen by Marxist critics?

One of Haussmann's effects was socially segregated neighborhoods.

Did he illuminate the City of Light or vandalize the historic bourg of Louis IX, saint and king of France? Did his policies stimulate social responsibility or increase class divisions? Since his death, his reputation has fluctuated with the political climate. None, however, can dispute his importance.

The current sad state of city planning has stimulated revisionist enthusiasm for Haussmann. The French urban historian François Loyer, in his 1988 book, "Paris: 19th Century," summed up that school of thought. "As far as I can see," he wrote, "a neo-Haussmann approach is the only one capable of reunifying Paris. [It is] much less perverse than the post-modernists' anguished derision of cultural tradition. There is nothing wrong with going back to something that worked."

From 1853 to 1870 as prefect of the Seine — director of public works for the Paris region — Haussmann energetically attacked and largely solved many of the ills caused by the rapid and tremendous growth of the commercial center and social lodestone of France.

His urban design program was second to none in modern times. Demolishing 12,000 structures, cutting 85 miles (136 kilometers) of roadways through the city to replace 333 miles of meandering old ones, erecting imposing landmarks like the Opéra and the Halles Centrales, revamping the antiquated and unhealthy water and sewage systems, increasing the number of street lights and sidewalks, and establishing parks equal to contemporary schemes in London and New York, Paris under Haussmann was in an almost constant state of construction upheaval.

The broad, light-filled, tree-lined thoroughfares that became his hallmark perfectly illustrate the multiplicity of purpose that always underlay the efforts of this protean pragmatist. Haussmann's boulevards, for the most part angled across existing streets and linked together at diagonals, served many different functions.

They connected the city's new train terminals more efficiently, allowed the quick deployment of troops in case of revolts like those of recent memory in 1830 and 1848, and "disemboweled" the troublesome neighborhoods where those rebellions traditionally fomented. They also permitted the more expedient transport of goods and services around town as the local economy shifted from small artisans working near their homes to an industrialized system spread over a wide area.

Finally, they gave shape to the eight new arrondissements Haussmann added around the periphery of Paris, and set up an extendable matrix for future growth.

Apolitical but opportunistic, authoritarian but flexible, he was a Janus-like figure. He looked back to Louis XIV's Grande Epoque for the Baroque planning ideal of plazas, radial avenues and junctures, like the Etoile. At the same time, he looked ahead to the 20th century with his concern for sanitary engineering, zoning regulations protecting access to light and air, and even an unfulfilled proposal for a greenbelt surrounding Paris (although by no means was he a crusader for society's dispossessed).

Aesthetics was not neglected. Despite what Haussmann called his "piercings" — it was said that he tore down half of Paris to build up the other half — few significant landmarks were razed. Whenever he could, Haussmann made those noble survivors the termination points of his new vistas, and where needed he commissioned churches, monuments and set-pieces to give closure to a boulevard or intersection.

There are mixed responses. To some, the city's beauty rests in its dignity and consistency, its symmetry and order. To others, the architectural pleasures of Paris lie far from Haussmann's grand boulevards lined with long stretches of gray, elephantine buildings.

Those endless stone-faced apartment houses — uniform, decorous, and monotonous — were his quintessential structures, the foundation of his conception of Paris as a paradise for the bourgeoisie. But a great deal else was subjugated to gain such extraordinary unity. No other great city has so little modulation of color, material, texture and scale as Haussmann's Paris.

TO those who prefer the intimacy, diversity and charm of the quarters that escaped Haussmann's monumental will, like the Marais and much of St.-Germain, he is less than a hero. Thus when people say they like the Left Bank better than the Right Bank, they mean more than just architecture and planning before and after Haussmann. They are also acknowledging that one of Haussmann's most enduring effects was to make once-mixed milieus socially homogeneous.

In his rebuilt and new neighborhoods, a cross section of rich, middle-class, and poor people no longer lived in the same streets, and the emergent notion of the economically segregated community prevailed. Real estate interests demanded that their investments be protected, and by insuring that at the expense of all taxpayers, Haussmann was less public servant than social engineer.

Certainly, Haussmann's urban removals now seem like nothing compared to those proposed by Le Corbusier in his never-executed Voisin Plan of 1925, in which several square miles of the Right Bank north of the Ile de la Cité would have been flattened to make way for a phalanx of 18 megastructures.

Equally, Haussmann's insistence on formal coherence and visual solidity are a reproach to the late-modernist chaos of La Defense, the cluster of garish office towers that started rising during the 1970s beyond the western terminus of the Champs-Elysées. And President François Mitterrand's "*grands projets*," the most formidable architectural undertakings in Paris since Haussmann, have produced very little that seems likely to withstand the test of time as well as Haussmann's constructions.

Martin Filler, a contributing editor of Condé Nast Traveler, HG and Vanity Fair, wrote this for The New York Times.

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The President Was Right

What makes the contretemps between General Norman Schwarzkopf and his commander in chief so disappointing is that the first time around, he was the very model of a patriotic general.

On Feb. 27, the very day that President George Bush decided to end the slaughter of the retreating Iraqi forces, a reporter asked General Schwarzkopf whether he feared that decision would keep him from fulfilling his assignment.

"We've accomplished our mission," he replied, "and when the decision-makers come to the decision that there should be a cease-fire, nobody will be happier than me." That was admirably said, right out of the Book of Civilian Control.

But now, the stolid general says he would have preferred to continue the repugnant "turkey shoot" a little longer. He seems to be second-guessing himself as well as Mr. Bush.

The president, who tried Thursday to cool the controversy, was right to stop the slaughter when he did; right to agree to a tough UN cease-fire plan that could quickly free U.S. troops from Iraq, and right to chastise the general for, long after the fact, redefining his mission.

General Schwarzkopf may be protecting himself against the charge that the allies let too much of Iraq's military get away. It turns out that he overestimated the number of Iraqi weapons his forces had destroyed. And he could not have guessed how quickly Iraq's defeat would spark uprisings by the Kurds and Shiites or how brutally Iraq's army would try to repress them.

But the general could have kept up the pounding for weeks without eliminating Iraq's military capacity to repress its own people. Destroying its ability to attack its neighbors was the right objective. Destroying its ability to defend itself against covetous neighbors would have gone too far, inviting dangerous instability. That is why Mr. Bush was wise to stop the shooting when he did.

The president is also right to try to extricate U.S. troops from Iraq's civil strife. However much Americans want Saddam Hussein to be toppled, his fate is best left to the Iraqi people. The United States lacks the moral authority, the international backing and the political know-how to impose a new government on Iraq.

The presence of American troops deep inside Iraq is already forcing Washington to take sides in the internal struggle. It shot down two Iraqi aircraft attempting to attack Shiite rebels — but allowed Saddam's helicopters through. That could make the troops hostage to Shiite reprisal. But if Iraq can now be brought to accept the UN cease-fire, all allied forces can be promptly withdrawn.

General Schwarzkopf had a chance to offer his military advice on when to stop the shooting. Whether or not he did so, and whatever he recommended at the time, that decision was quite properly a political one, involving much more than how many Iraqi tanks remained in U.S. gunsights. The president made the right call, then and now.

— *THE NEW YORK TIMES.*

Helping Kurds, and Iraq

The Kurds battling for autonomy in Iraq are brave and numerous, and have a claim to independence and a history of being oppressed. An impulse to send American forces to help them directly is now stirring. It is also suggested that the United States, having called on Iraqis to oust Saddam Hussein, has an obligation akin to the one it generated, and defaulted on, when it hinted it would help Hungarians in their 1956 revolt against Moscow and then sat by.

We think it is possible that the government could do more from the positions U.S. forces currently occupy in Iraq, and don't know whether it is true that America is secretly favoring some kind of pale Saddam clone as a successor. We hope it is untrue.

But the inclination not to intervene heavily and directly in the internal fighting in Iraq seems to us right. The American government has done a great deal to help the Iraqi opposition, including the Kurds. It conducted a war that weakened the Saddam regime to the point that insurgents could plausibly challenge it. It has imposed restrictions on Saddam's aircraft — excepting, unfortunately, helicopters, though surely this exception might be modified with an ultimatum saying that their use for purposes other than that contemplated in the talks on a provisional cease-fire must stop. The United States also insists on extremely tough terms for a permanent cease-fire, including an indefinite arms embargo and economic sanctions that it apparently means to continue until Saddam Hussein falls — a posture that gives insurgents further aid and comfort.

The United Nations is not of a mind to authorize further military action to dismember Iraq or change its government. For the United States to launch an all-out attack and assume responsibility for the success of those combating Saddam Hussein would thrust Americans too far into the shaping of a new political order and a particular new government in Iraq. It would get the United States involved in the intricate political interplay among the various groups seeking to oust him. America can help; and it is helping the opposition elements; it cannot and should not substitute itself for them.

Having come this far, Americans find it frustrating that Saddam Hussein still clings to power, committing his familiar cruelties. General Norman Schwarzkopf showed his frustration in a recent interview. This fuels the thought that a little help to the deserving Kurds would finish the job right. But largely because of American deeds the Iraqi leader remains under intense pressure at home. You can argue over the proper degree of U.S. involvement; we think there is more that can be done to stop the bloodbath and to help the insurgents. But the administration is right in its premise that political change consummated by Iraqis promises Iraq its best chance for a more stable, peaceful and democratic future.

— *THE WASHINGTON POST.*

An Astonishing Ruling

In wanton disregard of its own precedents, the U.S. Supreme Court has announced that the wrongful use of a coerced confession at a criminal trial need not automatically require the reversal of a conviction. Even if the accused was clubbed into confessing, the prosecution's use of that confession can be deemed "harmless error," a minor flaw in an otherwise fair trial.

The ruling would have astonished earlier courts. Since 1897 in federal cases, and 1936 in state cases, the assumption has always been that forcing a suspect to incriminate himself, through physical abuse, threats or strong inducements, was such reprehensible conduct that the use of its fruits would make a fair trial impossible. Retrials without the tainted evidence were automatic.

The court structured the entire case in an odd, confusing way. The case involved the murder confession of Ernesto Fulminante. The court ultimately ruled that he was entitled to a new trial. But in the course of that ruling, a group of five justices inserted language that discarded the presumption that people like Mr. Fulminante are automatically entitled to such a retrial.

First, a 5-4 majority ruled that his confession was coerced and should not have been used at his trial in Arizona. Next, another group of five justices declared that the harmless error doctrine might apply. Finally, the original five justices held that the error was indeed harmful and a new trial must be held, minus the confession.

Mr. Fulminante made his confession to a fellow inmate — a convicted extortionist, secretly on the FBI payroll who promised protection from other prisoners in exchange for truth about rumors that Mr. Fulminante had murdered his stepdaughter.

The injection of the harmless error notion was a wild extension of the otherwise valid principle that minor technical mistakes, which inevitably creep into most cases, should not invalidate a fundamentally fair trial, especially if the independent evidence of guilt is overwhelming.

The language was the work of Chief Justice William Rehnquist and four other appointees of Presidents Reagan and Bush. The alignment was unfortunate, suggesting devotion to an ideological agenda rather than legal principle. But their mischief went far beyond undoing any supposed activism of the Warren Court — moving Justice Byron White, an angry dissenter in the famous Miranda vs. Arizona confession case, to wrathful protest.

Instead of steering clear of questionable confessions, police, prosecutors and trial judges are now invited to search for rationales for obtaining and using them in the hope that judges will manage to find the trial fair anyway. That is harm enough, but the greater and more lasting harm is to the high court's reputation for delivering justice.

— *THE NEW YORK TIMES.*

Other Comment

Kohl, Yesterday's Hero

Eighteen months ago he was hailed as a hero. But memories are short, and politics unmerciful. Chancellor Helmut Kohl knows it. It was clear that East Germany's rotten economy and worn-down industry would be unable to meet the standards of streamlined West Germany. Everyone saw the signs. Mr. Kohl chose optimism.

It was politically correct to choose quick unification as soon as Soviet openness made it possible. But the regime in the East had lied about East Germany's abilities.

Mr. Kohl is being accused of electoral cheating, because the catastrophic realities have undermined his promises. Those shouting loudest and demanding his resignation are the Communists and their leader, Gregor Gysi.

What hypocrisy. The responsibility for the rot lies with the regime that has been removed and its 40 years of misgovernment.

— *Jyllands-Posten (Copenhagen).*

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OPINION

After a Sure-Footed March to Victory, Baffling Missteps

By Jim Hoagland

WASHINGTON — Life in Washington is not one damned thing after another, George Shultz observed a few years ago. It is the same damned thing over and over again. The former secretary of state's wisdom comes to mind as the Bush administration, against all evidence and its own best instincts, tries again to use Saddam Hussein rather than destroy him and his mortally wounded regime.

George Bush based Operation Desert Storm on the wise principle that Saddam should never be left with the initiative. But Washington now risks the political unraveling of the military victory U.S. forces have achieved by disengaging from the war against Saddam too quickly and letting events take their own course.

The White House on Tuesday dispelled the useful ambiguity that surrounded U.S. intentions toward Saddam's efforts to crush the nationwide insurrection he confronts. Contrary to President George Bush's initial indications, the White House announced that U.S. forces would not prevent Iraqi military helicopters from slaughtering opposition forces and innocent civilians in the towns that have risen against Saddam.

Tuesday's announcement was unwise, unwarranted and unwholesome. Other than that, as General Norman Schwarzkopf would say, it was a terrific decision.

The helicopter statement is a first, inexplicable policy reversal by Mr. Bush after his forceful and sure-footed march to victory. The Bush team that won the war was not plagued by this kind of hesitation and seeming indecision. This misstep is more in character for the Arab officials and U.S. Arabists whose advice about Iraq and Saddam so badly misled Mr. Bush before the war. The old mind-set about Saddam being a useful tool for U.S. goals is reasserting itself.

That is the gist of an intriguing and all-too-plausible story published Wednesday by the International Herald Tribune. The reporter Joseph Fitchett quotes U.S. and allied officials as saying that American policy is now to let Saddam do the dirty work of crushing the Kurdish and Shiite rebellions and hope that a kinder and gentler successor regime of Sunni Muslims will come to power this summer, untainted by this necessary bloodletting.

Forget the monumental cynicism of this idea for a moment. Focus instead on the assumption that Saddam and the other actors in this life-and-death drama will be content to let events unfold on such a finely tuned schedule. This is naïveté on *a* grand scale.

Iran has served notice that it will not sit by and let Shiites in southern Iraq be slaughtered by Saddam's forces. Intelligence reports reaching Washington disclose that Iran this week opened eight camps on its border with Iraq for "volunteers" who want to fight in Iraq. More than 20,000 former Iraqi soldiers who refused to go home when the Iran-Iraq war ended are being assembled in these camps, armed and sent into Iraq, informed sources say. Other forces will follow if the civil war in Iraq drags on.

The U.S. decision to tolerate Iraqi helicopter attacks on the Kurds and Shiites is seen in Tehran as a choice by Washington to preserve Sunni domination of Iraq, even if that means enormous bloodshed in Iraq and a continuation of rule by Saddam's Ba'ath Party and army. President Hashemi Rafsanjani of Iran is abandoning his hopes for a rapprochement with the United States, according to sources in touch with the Iranian leadership. Iran is moving back into a confrontational role in the Gulf.

The old notion about Saddam being a useful tool is back.

America's allies in Europe are also increasingly concerned by what they see as Washington's drift and readiness to sink back into old thinking about the Gulf. President George Bush's frequent consultations with European leaders during the war have not continued in the messy aftermath. Germany and France feel that influence they have developed in Iran and Syria is being ignored by the United States.

The one country Washington continues to consult closely is Saudi Arabia. But the Saudis show no sign of grasping the new opportunities for regional leadership the Desert Storm victory has thrust upon them. Instead of trying to work with the popular forces that have risen against Saddam, the Saudis back former Ba'athist generals and officials who took part in Saddam's barbaric rule. The United States, so bold in war, appears to be following the Saudi line docilely in war's aftermath.

While proclaiming a new era created by American strength and resolve, Washington reverts to old habits and old caution. American policymakers still refuse to talk to the Iraqi opposition — just as they did before Aug. 2. This willful decision to deprive the United States of an important channel of information and influence in the Gulf contributed significantly to America's misreading of Saddam's intentions. Although members of the opposition correctly predicted the Iraqi invasion last summer, the Bush administration made sure it never heard those predictions.

That blunder was bad enough. To repeat it after American lives have been spent to correct the earlier error is monumental folly that will tarnish even the most splendid victory.

The Washington Post.

Why These Sickening Changes?

By A. M. Rosenthal

NEW YORK — Americans who fought and won the war in the Gulf return home every day. Their job is finished. Now it is our turn.

Now we have our own job to do — Americans in Congress of both parties who authorized President George Bush to take military action and Americans who gave their political and emotional support.

It is to urge Mr. Bush, argue with him, plead with him, to pull back from two astounding reversals of policy. One is already bringing death to thousands of Iraqis who dreamt of freedom from their tormentor. Before long the other will endanger the lives of all souls in the Middle East. Together they can dishonor America and turn military victory into political debacle.

Washington has now decided to let Saddam Hussein slaughter Iraqi rebels with the helicopters and tanks it allowed him to keep after his defeat. Second, Washington has decided to take part in, and thus tacitly encourage, a new wave of arms sales to the Middle East, for cash and credit.

These policies guarantee that one day another Saddam will rise in the Middle East. We will stare in horror at what we have done, and weep.

On Iraq: General Norman Schwarzkopf says the Iraqis suckered him into letting their helicopters keep flying. In Ottawa, the president gave the world reason to believe that he would order the helicopters grounded.

The order never came. So Saddam freely bombs and burns rebels and their families. Mr. Bush has not even given an explanation of his reversal.

Washington "sources" whisper that the Iraqi Army will not overthrow Saddam as long as a threat exists to the "integrity" of the country. So the United States must keep him in power now to get him out of power later.

Get it? Believe it?

And can you keep from vomiting when you read stories about the tyrant's killers hanging, butchering, raping, descending on their victims in helicopters that the United States could deny them with an order?

Whenever was a defeated dictator, a serial murderer, allowed to go on killing by deliberate policy of his conquerors? What have we come to?

The decision to begin a new round in the Middle East arms race is even more sickening. It will mean another war between Arab and Arab or between Arab and Jew, probably both.

The United States prepares to sell more arms to Saudi Arabia, the small Gulf states and Egypt — for the benefit of the defense industry.

That means Israel will need more arms. American troops can leave the Middle East — Israel cannot.

Egypt, desperate for economic development, will waste more billions in loans or aid on tanks, planes, missiles, against unspecified enemies who also will be buying more tanks, planes and missiles, which their people need like a hole in the head.

Syria, led by a dictator indistinguishable from Saddam in record of murder committed and murder intended, is expanding its huge armory with more foreign weapons.

For the moment, the fact that Syria is on the American list of terrorist nations prevents the United States from selling arms directly to Hafez Assad. His terrorists have the bombing of Pan Am Flight 103, various hijackings, bombings of Americans in Beirut and the slaughter of Syrian and foreign opponents, at home and abroad, on their list of achievements.

The Syrian and his admirers in U.S. business and the State Department are determined to get him off the terrorist list. Remember how Saddam was taken off the list and made eligible for deals and U.S. credits?

One day soon, Hafez Assad will announce that a Syrian-based Palestinian terrorist gang has been asked to leave Syria. Then Washington will declare that he is off the list.

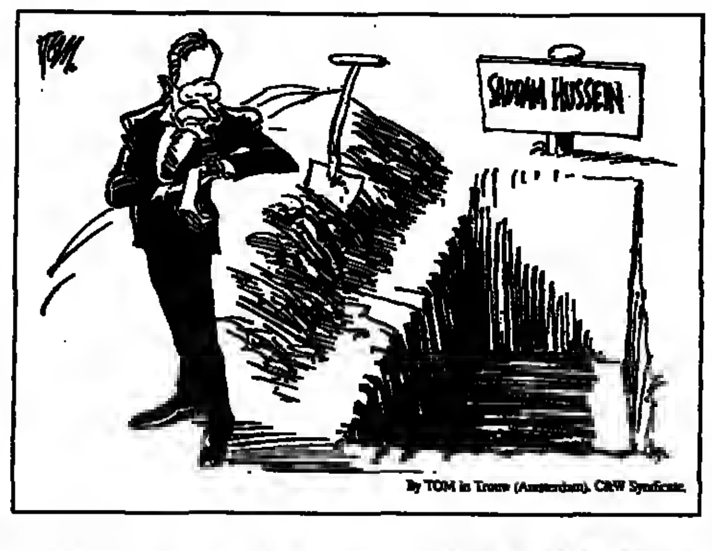
And mark this down: If that happens, American arms will be sold to this Syrian killer, for cash or credit guaranteed by your taxes.

Instead of standing by while Saddam slaughters Iraqis, the United States should order his gunships grounded. His pilots, fearing U.S. jets, will obey such an order, not him.

Instead of selling arms to the Middle East, Washington should present a detailed plan for international action against the death trade.

And we must insist as long as breath and time remain that instead of "Death for Sale," America's slogan should be one already made holy: "Never again."

The New York Times.



By TOM in Trouw (Amsterdam). CRW Syndicate.

The Evidence From Cuba Is of a Deepening Crisis

By Jeane Kirkpatrick

NEW YORK — A Cuban air force major, Orestes Lorenzo Pérez, demonstrated last week how U.S. air defenses could be penetrated when — unannounced, unescorted and undetected — he landed his Soviet-built MiG-23 BN at the Boca Chica Naval Air Station at Key West, Florida.

Pentagon spokesmen confirmed that no early warning radar or interceptor fighters had responded to the Cuban's approach. Officials said they were reviewing the defense network to find out how it was that the Cuban pilot was not detected until — wagging his wings, wheels descended — he circled the base prior to landing.

Major Lorenzo's journey into U.S. air space dramatized the vulnerability of southern Florida to the nearly 300 advanced MiG aircraft housed about 10 minutes away. It also dramatized the imperfection of U.S. early-warning radar systems. It reminded some Cuba watchers that during the Cuban missile crisis, Fidel Castro urged Nikita Khrushchev to fire the nuclear warheads already deployed in Cuba. And it reminded others of the report of a previous Cuban military defector, Brigadier General Rafael del Piño Díaz.

General del Piño, who left Cuba in 1987, said that at the time of the Grenada invasion, the Castro government programmed the computers of Cuban MiGs to attack Florida targets, including the Turkey Point nuclear plant — which he said had the potential of producing a nuclear disaster larger than Chernobyl.

But General del Piño saw the Lorenzo defection as having greater political than military significance. It was, he said, important additional evidence of the discontent of Cuban professionals and higher officials on which the Castro regime must rely.

A second defector from the same socio-political class seemed to underscore General del Piño's point. Romel Iglesias González, an official of the Cuban Radio Progresso, said that the Castro regime "will not last long." Cuba, he told The Associated Press, "is in a period of terrible decadence. It is not a question of days, but perhaps a year, not much more than that."

Evidence multiplies of the deepening crisis of the Cuban regime. The number of Cubans either leaving the island or trying to is higher than at any time since the 1980 Mariel exodus. Those with relatives or other resources abroad buy their way out. Those without resources risk their lives floating away in rafts and inner tubes.

The standard of living in Cuba is in decline. Chicken, eggs and beef are tightly rationed. Clothing and shoes are scarce. Dairy supplies are frequently impossible to find. Even bananas and sugar are in short supply. But neither the example of other Socialist countries nor chronic economic crisis persuades Fidel Castro to modify his economic policy.

"If they told me that 98 percent of the people did not believe in the revolution, I would carry on fighting," he said in October. "A revolutionary must be a man who, even if he is left alone, continues to fight for his ideas."

Fidel Castro believes that faith moves mountains. He believes that with determination and the right doctrine, anyone can triumph over anyone, as in the Cuban revolution.

He believes that with the right doctrine and greater determination, Iraq could have triumphed over the United States and "Zionism." Iraq, he told a Cuban audience on March 15, "lacked the doctrine of the struggle of the war of all the people."

Cuba would have known better.

"If a war is imposed on us we will know how to wage a war well," he said. "We have been preparing for many years ... If a war is imposed on us, that war will end with victory or with death ... It will end with victory at any cost."

In Havana, though necessities are scarce, fantasies are rich. Revisionism in Moscow has not led Fidel to abandon his Marxist faith in the ultimate conflict with imperialism.

Though Soviet subsidies are not what they used to be, Cuba nonetheless received early this year key parts for a nuclear-powered generating facility now under construction with Soviet assistance.

An American official told Bill Gertz of The Washington Times *(Jan. 4)* that the nuclear power plant, two years away from completion, "could be used to produce weapons-grade plutonium."

Some Cuba watchers wondered aloud if Major Lorenzo's flight might have been *intended* to test U.S. air defenses. Planned by Havana or not, the flight must have left Mr. Castro imagining what a few determined men with a few nuclear warheads and a few low-flying MiGs could do to southern Florida.

Los Angeles Times Syndicate.

Gauging the Winds of Albanian Change

By Giorgio La Malfa

The author is leader of the Italian Republican Party, and is a member of the Italian and European parliaments.

ROME — On Sunday, Albania will hold multiparty elections for the first time in its national history. It is not clear, however, that this will mark the end of an iron-fisted Communist dictatorship that has ruled the country in increasing isolation for nearly a half-century.

Enver Hoxha, for 40 years the nation's absolute ruler, based his power on a mixture of ultraorthodox communism and extreme nationalism. His successor, Ramiz Alia, has tried to isolate Albania from the winds of change that have brought down other Communist regimes in Europe.

But under pressure of mass protests last July and December, his regime has been forced to allow the creation of opposition parties, to promise political and economic reform, to organize the multiparty elections and to seek foreign aid.

Italy is expected to play an important role, both because of the nations' historical links and because of the large number of Albanians who have fled to Italian shores.

On a recent visit to Albania, I met with Communist and opposition leaders, seeking answers about the elections, plans for change and how the West should respond to aid requests.

The elections, it appears, will certainly be open to opposition parties, but they can hardly be considered free and fair, because the Communists maintain their monopoly on power. The government still controls the food supply, allocates jobs, and runs the news media. Some progress has been made, such as the liberation of some political prisoners and the granting of greater religious freedom.

But President Alia told me that he will always be a Communist. He took a very dim view of recent developments in Eastern Europe. And he denounced European Parliament resolutions calling for respect of human rights in Albania as "unacceptable interference" and "acts of Cold War."

He declared, nonetheless, that his reforms are irreversible.

But this remains to be seen. The man sounds closer to Romania's Ion Iliescu than to Vaclav Havel.

As far as economic change, Prime Minister Fatos Nano made clear his willingness to open up Albania's suffocating collectivist system to market forces and private initiative.

But the country's economic situation is so desperate — 60 percent of the work force is employed in primitive agricultural positions — that I suspect the government sees the announcement of economic reforms as the only way to get immediate Western aid and avoid total collapse.

Albanians have shown their lack of confidence in the government by fleeing in large numbers to Italy and even to troubled Yugoslavia.

How, then, should the West respond when Albania urgently requests aid and investment?

Western governments should explicitly link all aid and cooperation to the development of democratic reforms in Albania. The Communists' absolute control over the state administration should be dismantled.

If the government met the West's conditions, substantial aid could be provided, boosting development and improving lifestyles in this small country of three million people. This would bring an element of badly needed stability to a region where ethnic, religious and national strife is dangerously re-emerging from the meltdown of the Communist glacier.

International Herald Tribune.

To Save Others From This Nightmare

By Ronald Reagan

The former president is a member of the National Rifle Association.

LOS ANGELES — "Anniversary" is a word we usually associate with happy events. But March 30 marks an anniversary I would just as soon forget.

It was on that day 10 years ago that a deranged young man shot a policeman, a Secret Service agent, my press secretary and me on a Washington sidewalk.

I was lucky. The bullet that hit me bounced off a rib and lodged in my lung, an inch from my heart. It was a very close call.

Jim Brady, my press secretary, wasn't as lucky. A bullet entered the left side of his forehead, near his eye, and passed through the right side of his brain before it exited.

His recovery has been remarkable, but he still lives with physical pain every day and must spend much of his time in a wheelchair.

Thomas Delahanty, a Washington police officer, took a bullet in his neck. It ricocheted off his spinal cord. Nerve damage to his left arm forced his retirement.

Tim McCarthy, a Secret Service agent, was shot in the chest and suffered a lacerated liver. He recovered and returned to duty.

Still, four lives were changed forever, and all by a Saturday-night special — a cheaply made .22-caliber pistol — purchased in a Dallas pawnshop by a young man with a history of mental disturbance.

This nightmare might never have happened if legislation that is before Congress now — the Brady bill — had been law back in 1981.

Named for Jim Brady, this legislation would establish a national seven-day waiting period before a handgun purchaser could take delivery. It would allow local law-enforcement officials to run background checks for criminal records or known histories of mental disturbances. Those with such records would be barred from buying handguns.

The Brady bill would require the handgun dealer to provide a copy of the prospective purchaser's sworn statement to local law enforcement authorities so that background checks could be made.

This bill — on a nationwide scale — can't help but stop thousands of illegal handgun purchases.

And, since many handguns are acquired in the heat of passion or at times of depression brought on by potential suicide, the Brady bill would provide a cooling-off period that would certainly have the effect of reducing the number of deaths.

Critics claim that "waiting period" legislation in the states that have it does not work, that criminals just go to nearby states that lack such laws to buy guns. All the more reason to have a federal law that fills the gaps.

Even with the current gaps among states, those that have waiting periods report some success.

California, which has a 15-day waiting period that I supported and signed into law while governor, stopped nearly 1,800 prohibited handgun sales in 1989.

New Jersey has had a permit-to-purchase system for more than two decades. During that time, more than 10,000 convicted felons have been caught trying to buy handguns.

Every year an average of 9,200 Americans are murdered by handguns, Justice Department statistics show. This does not include suicides or the tens of thousands of robberies, rapes and assaults committed with handguns. This level of violence must be stopped.

Jim Brady and his wife, Sarah, are working hard to do that, and I say more power to them. If the passage of the Brady bill were to result in a reduction of only 10 percent or 15 percent of those numbers (and it could be a good deal greater) it would be well worth making it the law of the land.

And there would be a lot fewer families facing anniversaries like the Bradys, Delahantys, McCarthys and Reagans face every March 30.

The New York Times.

Correction

An error was introduced into the column "A Chill in Thailand's Neighborhood," by Elizabeth Becker, which appeared on the March 15 Opinion Page. The Thai general who visited Rangoon the day before the Thai coup should have been identified as General Sunthorn Kongsompong.

100, 75 AND 50 YEARS AGO

1891: Paris Calling

PARIS — The circular issued by the French Postal and Telegraph Administration relative to the opening of the Paris-London telephone is similar to that sent out by Postmaster-General Raikes. The tariff is fixed at 10 francs for a three-minutes' conversation. Until further notice communications can be held only from the Bourse and central office in the avenue de l'Opéra ... The Tenth International Exhibition of Useful and Baneful Insects, with examples of their respective work, will be held in the Orangerie of the Tuileries Garden from Aug. 23.

1916: 'Dashing' Action

LONDON — The Duke of Westminster has been awarded the Distinguished Service Order for his successful leadership of the armored automobile squadron, which played a brilliant part in the pursuit of the Senussi after the capture of the Western Egypt frontier post of Sollum on March 14. The action was a very dashing affair.

1941: Axis Displeasure

ROME — Leaders of the Axis are very unhappy about what has been happening in Yugoslavia during the last three days, but have taken what they call a "firm stand" in their relations with the new government of King Peter II, which it was learned here [March 29], is being given a little time to "clarify its position" and has been informed that if the "clarification" is not in accord with Axis desires, the military stands ready to march. [In Berlin, authorized German quarters were reported by The United Press as declaring that Germany would not allow her policies "to be decided by terroristic street mobs in Belgrade," adding that if "certain forces" in Yugoslavia rejected the tri-power pact, "then they must excessively bear the responsibility."]

— *From the New York edition of the New York Herald Tribune.*

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ECONOMIC SCENE

Are Some Banks Too Big Or 'Too Vital' to Fail?

By Steven Mufson
Washington Post Service

WASHINGTON — On July 4, 1982, leading bank regulators met at the Federal Reserve to decide whether the failure of a little-known bank in an Oklahoma shopping mall would break the U.S. financial system. Paul A. Volcker, then the Federal Reserve chairman, feared that it could, because the largest deposits in the bank — those over $100,000 — were not fully covered by federal deposit insurance.

Fearing that losses and panic could spread to other banks, Mr. Volcker favored a federal rescue plan. He said that to do otherwise risked disrupting commercial transactions, causing Depression-style lines at banks and undermining faith in the financial system.

William M. Isaac, then the chairman of the Federal Deposit Insurance Corp., wanted to let the bank fail, to show that the sort of abuses that ruined the Oklahoma bank would not be patched up by federal assistance. Bailing it out "would be sending the signal that anything goes," he said.

A modern run on a major U.S. commercial bank would be swift and silent.

In the end, the bank, Penn Square, was shut down, only its insured depositors were fully paid off and the banking system survived without a crisis.

Nearly a decade later, however, the principle at stake that Independence Day has not been resolved: Are some banks "too big to fail" without threatening the stability of the entire U.S. banking system?

Is the banking system better protected if regulators guarantee deposits greater than federal insurance limits? Or is it better if regulators let banks fail to instill market discipline by making poorly managed institutions worry that big depositors will yank out their uninsured money?

The questions are not academic. A modern run on a major commercial bank would not resemble the 1930s Depression-era panics. It would be swift and silent.

THERE would be no lines at teller windows. Major corporations and funds would simply transfer money out of shaky banks electronically. As money drained from such troubled banks, the savings of individual depositors and small businesses could be imperiled. They in turn might be unable to pay bills, and the effects could spread.

In the nine months after Bank of New England announced a major loss in December 1989, the bank lost $9 billion in deposits, much of that shortly after the announcement. After pumping money into the bank, the federal government took it over and kept it open, the exact opposite of its decision on Penn Square.

At the moment, government policy on the too-big-to-fail principle is one of "constructive ambiguity": If a bank becomes insolvent, maybe the federal government will rescue it, and maybe it won't.

The legislative proposal put forward by Treasury Secretary Nicholas F. Brady to overhaul the banking and financial-services industry does not come to grips with the question, many critics maintain, thus rendering meaningless Mr. Brady's much-ballyhooed efforts to reduce the size of the federal "safety net" that has cost taxpayers so much in the cleanup of the savings and loan industry. Mr. Brady eventually wants to limit federal deposit insurance to $100,000 per person per institution.

"The reduction in deposit insurance coverage doesn't mean very much if 'too big to fail' is around," said John D. Hawke, a partner at the Washington law firm Arnold & Porter. No matter how Treasury proposes to curtail the number of accounts covered by federal deposit insurance, a too-big-to-fail policy would protect deposits of any type or size.

The policy also touches one of the most sensitive chords in U.S. politics: fairness. People and businesses with big deposits in

See DEPOSITS, Page 8

CURRENCY RATES

Cross Rates

March 28/29

	$	£	D.M.	F.F.	Lira	D.Fl	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.9775	3.40	1.1272	0.3326	0.1514 *	—	5.478 *	1.3257	1.383 *	1.663	1.803 *
Brussels	35.1775	61.2775	20.5725	6.073	2.770 *	18.2485	—	24.16	0.2580	30.28	33.128 *
Frankfurt	1.717	2.977	—	0.2952	0.1345 *	0.8871	4.859 *	1.175	1.2225 *	1.479	1.615 *
London (a)	1.736	—	2.9708	10.065	2,211.50	3.3464	61.075	2.5533	245.205	2.0099	183.96
Madrid						Closed					
Milan	1,267.00	2,207.70	744.20	219.59	—	660.55	36.171	873.00	8.958	1,093.40	12.014
New York (b)	—	1.7403 a	1.697	5.7580	N.A.	N.A.	N.A.	1.447	140.725	1.1588	N.A.
Paris	5.806	10.0875	3.39	—	0.4552 *	3.0076	0.1648	3.985	4.145 *	5.013	5.4759 *
Tokyo	140.35	247.20	82.96	24.49	0.1116	73.66	4.0352	97.88	—	121.72	1.3406
Toronto	1.1588	2.0177	0.6805	0.2008	0.915 *	0.6038	3.302 *	0.7977	0.8209 *	—	1.096 *
Zurich	1.46	2.5343	0.842	0.2512	0.1145 *	0.7540	4.0227 *	—	1.0388 *	1.2594	1.3741 *
1 ECU	1.2002	0.691	2.0589	6.9776	1,502.03	2.321	42.3692	1.7518	168.565	1.3908	127.579
1 SDR	1.3409	0.7726	2.2822	7.7904	1,714.01	2.5931	47.2219	1.9526	187.451	1.5491	N.A.

Closings in Amsterdam, London and Zurich, fixings in other centers. New York closing rates, Toronto rates at 3 p.m.

Rates for Brussels, Milan, New York and Tokyo as of March 29; all others as of March 28.
*a: To buy one pound; b: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

March 28

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	9620.0	Greek drac.	185.35	Mex. peso	2980.00	S. Afr. rand	2.7305
Austral. $	1.2928	Hong Kong $	7.7933	N. Zealand $	1.7065	Soviet ruble*	0.5838
Austr. schil.	12.02	Indian rupee	19.608	Norw. krone	6.652	Swed. krona	6.13
Brazil cruz.	238.45	Indo. rupiah	1915.00	Phil. peso	27.20	Taiwan $	27.37
Chinese yuan*	5.2221	Irish £	0.6431	Port. escudo	150.40	Thai baht	25.49
Danish krone	6.5585	Israeli shek.	2.2306	Saudi riyal	3.75	Turkish lira	3640.07
Egypt. pound	3.1816	Kuwaiti dinar	3.48	Sing. $	1.78	UAE dirham	3.6727
Fin. markka	4.034	Malay. ring.	2.765	S. Kor. won	725.20	Venez. boliv.	54.20

*New York rates unless marked * (local rate.)*

Forward Rates

March 28

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.7260	1.7175	1.7099	Canadian dollar	1.1624	1.1655	1.1684
Deutsche mark	1.7191	1.7235	1.7278	Japanese yen	140.65	140.82	140.94
Swiss franc	1.4620	1.4651	1.4674				

Sources: NMB Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR); Gosbank (ruble). Other data from Reuters and AP.

INTEREST RATES

Eurocurrency Deposits

March 28

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU	SDR
1 month	6 1/8-6 1/4	9-9 1/8	8 1/16-8 3/16	12 3/4-12 7/8	9 1/4-9 3/8	8 1/16-8 3/16	9 5/8-9 3/4	8
2 months	6 1/4-6 3/8	9 1/8-9 1/4	8 3/8-8 1/2	12 5/8-12 3/4	9 3/16-9 5/16	7 7/8-8	9 5/8-9 3/4	8
3 months	6 1/4-6 3/8	9 3/16-9 5/16	8 1/2-8 5/8	12 3/8-12 1/2	9 3/16-9 5/16	7 13/16-7 15/16	9 9/16-9 11/16	8
6 months	6 3/8-6 1/2	9 1/8-9 1/4	8 1/4-8 3/8	11 7/8-12	9 1/8-9 1/4	7 5/8-7 3/4	9 7/16-9 9/16	7 3/4
1 year	6 7/8-7	9 1/4-9 3/8	7 15/16-8 1/16	11 1/2-11 5/8	9 1/8-9 1/4	7 5/16-7 7/16	9 1/2-9 5/8	8

Sources: All Reuters except ECU, Lloyds Bank.
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates

March 29

United States	Close	Prev.
Discount rate	6.00	6.00
Prime rate	8 3/4-9	8 3/4-9
Federal funds	6.00	6.00
Comm. paper 90-179 days	6.20	6.30
3-month Treasury bills	5.74	5.77
6-month Treasury bills	5.78	5.79
1-year Treasury bills	5.80	5.92
30-year Treasury bond	8.34	8.25
2-month CD's	6.25	6.05
3-month CD's	6.10	6.10
Japan		
Discount rate	6.00	6.00
Call money	8 11/32	8 5/32
2-month interbank	7 23/32	7 29/32
3-month interbank	7 23/32	7 15/16
Germany		
Discount rate	6 1/2	6 1/2
Lombard rate	9.00	9.00
Call money	8.80	9.00
1-month interbank	8.95	8.95
3-month interbank	9.10	9.10
6-month interbank	9.20	9.20
Britain		
Bank base rate	13 1/2	13 1/2
Call money	12 3/4	13.00
3-month interbank	12 7/16	12 1/2
6-month interbank	11 15/16	11 15/16
France		
Intervention rate	9.00	9.00
Call money	9 5/16	9 13/16
1-month interbank	9 1/4	9 1/4
3-month interbank	9 11/16	9 5/8
6-month interbank	9 7/16	9 7/16

Sources: Reuters, Salomon Brothers, Bank of Tokyo, Commerzbank, Crédit Lyonnais.

Asian Dollar Deposits

March 28

1 month	6 1/8 - 6 1/4
2 months	6 1/4 - 6 3/8
3 months	6 5/16 - 6 7/16
6 months	6 7/16 - 6 9/16
1 year	6 7/8 - 7

Source: Reuters.

U.S. Money Market Funds

March 28

Merrill Lynch Ready Assets
30-day average yield: 6.08
Telerate Interest Rate Index: 6.297
Source: Merrill Lynch, Telerate.

GOLD

March 28

	A.M.	P.M.	Ch'ge
Hong Kong	355.35	356.95	− 0.10
Luxembourg	354.10	—	− 2.90
Paris (12.5 kilo)	349.12	349.75	− 4.89
Zurich	356.50	355.15	+ 0.40
London	354.00	355.45	+ 1.40
New York	—	356.15	+ 0.90

Luxembourg, Paris and London official fixings; Hong Kong and Zurich opening and closing prices; New York spot market close. All prices in U.S. $ per ounce.
Source: Reuters.

U.S. Hits At Canada On Pork

First Big Dispute Under Trade Pact

Compiled by Our Staff From Dispatches

WASHINGTON — The United States, in the first serious disagreement with Canada over their two-year-old free-trade pact, said Friday it would challenge a trade panel's decision in favor of Canadian pork imports into the United States.

Ottawa quickly protested the U.S. challenge to the ruling by the bilateral trade panel, which was set up under the trade pact to resolve disputes.

John Crosbie, Canada's international trade minister, said there were no grounds for the challenge, and said the U.S. move "does not accord with the letter and spirit" of the free-trade agreement.

The dispute also could threaten to delay the Bush administration's effort to line up support in Congress for a free-trade agreement with Mexico.

Many trade specialists say the dispute resolution panel at the heart of the Canadian pork controversy has worked well, and that any trade pact with Mexico should include similar arrangements.

The dispute with Canada began after the panel's three Canadian and two American members ruled unanimously in January that the United States should remove $18 million of duties on pork imports from Canada.

The U.S. National Pork Producers Council objected and lined up 38 senators and 51 members of the House of Representatives to press its case.

In announcing the U.S. challenge Friday, Trade Representative Carla A. Hills said "the administration is strongly committed to protecting the integrity of the trade agreements we sign and to defending U.S. interests under those agreements."

Three retired judges will be asked to settle the dispute.

In January, the binational panel forced the U.S. International Trade Commission to take a third look at whether countervailing duties were necessary against imports of pork products to the United States. The panel also limited the facts the ITC could use to decide the issue.

When the ITC reviewed the issue, it dropped two previous rulings in favor of duties. It decided to lift duties from subsidized Canadian fresh, chilled and frozen pork, but kept them on live hogs.

As a result, Canadian pork exporters are to receive refunds of about $16 million in duties wrongly paid to the United States.

The U.S. challenge actually covered the trade panel's decision lim-

See PORK, Page 9

Red Tape Slows Hungary Land Sales

By Peter Maass
Washington Post Service

BUDAPEST — Like many foreign investors, Marriott Corp. is learning a frustrating lesson: State-owned land in Eastern Europe is for sale but very difficult to buy.

In the late 1980s, Marriott decided it wanted to build a luxury hotel in Budapest, where an influx of tourists and executives has created a shortage of high-quality hotel rooms.

Marriott hooked up with a Hungarian firm, Technoimpex Trading Corp., and last year settled on a grandiose turn-of-the-century building along the most prestigious stretch of the Danube.

The building, known locally as Thonet House, is up for grabs as part of an effort to sell off everything from farmland to steel mills and newspaper stands.

In Hungary and much of Eastern Europe, the new democratic governments are trying to return to the private sector most of the property seized under Communist rule.

But the going-out-of-business sale is turning into a ball and chain, severely slowing Eastern Europe's transition to capitalism.

Conflicting claims on property are delaying the sell-off and choking the inflow of foreign capital.

Ownership claims throughout the region are complicated not only by the turmoil of the World War II era and the nationalizations by Communist states but also by competing bureaucracies seeking to cash in on state holdings.

"Both Marriott and Technoimpex are keenly interested in the project," said Technoimpex's marketing director, Jeno Juhasz, who estimated the investment could reach $100 million.

"The only problem is that because of political changes in Hungary, the ownership is not clear."

Hungary has led Eastern Europe's economic transition, but more than a year after Communists lost power here, parliament is still debating the first of two key laws on land ownership.

The compensation law now under debate may offer cash or shares in state companies to property owners whose land was confiscated by the Communists. To avoid chaos, only a limited number of people will be able to retrieve the actual property seized from them.

The follow-up law, which would directly affect Marriott, is to clarify which state institutions own the property in their common jurisdictions. Officials hope the law will be passed this year but delays are feared.

The laws have been stymied largely because the farmers' lobby has pushed for generous compensation and the largest possible return of land to the original owners. Some farmers have fenced off and occupied land that their families owned before confiscation.

These conflicts and delays illustrate the risk that Hungary and the rest of Eastern Europe now face. Although the region is desperate for foreign investment, stubborn legal and bureaucratic barriers may, in the long run, scare investors away.

"If the investor is patient, he can make a deal, but it's hard," said Janos Hegymegyi, managing director of Horvath Consulting, a real-estate firm.

"The danger is that lots of investors are coming to Hungary and leaving disappointed. No one here is counting the lost business."

Firms that turn their backs on Eastern Europe during these confusing, almost lawless days may lose a crucial opportunity.

The problem not limited to Hungary. Other Eastern European countries are moving to try to deal with the land ownership issue.

Czechoslovakia passed a sweeping "rehabilitation" law a few weeks ago that gives former landowners who still are citizens and residents the chance to reclaim their lost property.

There are limits over which property can be reclaimed, but overall the law goes further than what is likely to be adopted in Hungary.

In the short term, the law seems destined to lead to confusion and some paralysis as the claims are sorted out by the swamped government bureaucracy.

Poland's situation is similar to Hungary's. The Polish parliament is set to debate a land ownership law, but no consensus has yet emerged on the extent of reprivatization or the type of compensation.

Because a large portion of Polish farmland remained in private hands under Communist rule, urban land is the key element.

In Germany, where the unification treaty set out procedures to deal with the problem of land claims stemming from the Com-

See LAND, Page 8

In a Shift, U.S. to Aid Its Firms in Japan

By Clyde H. Farnsworth
New York Times Service

WASHINGTON — Despite its free-market principles, the Bush administration will give special federal aid to 20 companies that have made a long-term commitment to sell in the Japanese market.

The move is unusual for an administration that has generally not wanted to interfere in the corporate sector.

The new program, announced Thursday by Commerce Secretary Robert A. Mosbacher, reflects the competitive pressures U.S. companies face from foreign enterprises supported directly or indirectly by their governments.

The 20 companies have $30 million to more than $1 billion in annual sales and span industries from computers and lasers to furniture. They were selected from 130 companies that entered a competition initiated by the Commerce Department in May. Among them are such well-known companies as Timken Co., Dana Corp. and Square D Co.

They were judged on the strength of commitments to stay in the Japanese market for at least five years, tailor their products to Japanese standards, provide after-sales service and maintenance, participate in trade-promotion events and stage at least two visits a year to Japan by their chief executives.

The program is intended to be Washington's answer to long-voiced Japanese complaints that one reason for more than $300 billion of American trade deficits with Japan over the past decade is the unwillingness of American companies to stay in the Japanese market and push their wares.

Mr. Mosbacher said that he would take the senior executives of these companies with him on an introductory mission to Tokyo next week and that they would get "personalized assistance," including special monitoring of their efforts to penetrate the Japanese market.

One big American complaint is that Japanese buyers band together against U.S. or other foreign suppliers and discriminate against their products.

Japan is becoming cautious about making new loans. Page 9.

"We will pursue any prejudice or any negative reaction that the Japanese give these companies that can be pinned down with any specificity," he said a news conference in his office.

Among other things, the Commerce Department will provide market data; arrange introductory meetings with Japanese government and industry officials and prospective buyers; recommend market development strategy; advise on distributor agreements, joint ventures and investments, and help with problems involving standards, trademarks and patents.

The department's Foreign and Commercial Service provides similar services to all exporters.

But trade experts noted Japanese sensitivity to the special attentions of a U.S. cabinet officer and said this was likely to give companies in the program a competitive edge.

Asked whether the government wasn't picking winners and losers, which is something it has always said it never wanted to do, Mr. Mosbacher replied, "There are only winners because these companies will be followed up by others."

The 20 companies are:

ADC Communications Inc., Minneapolis; American of Martinsville, Martinsville, Virginia; Anilam Electronics Corp., Miami; Applied Communications Inc. Omaha, Nebraska; Candela Laser Corp., Wayland, Massachusetts; Compaq Laser Corp., Houston; Contact Lumber Co., Portland, Oregon; Dana Corp., Toledo, Ohio; Detroit Center Tool Inc. Detroit; Electronic Data Systems, Dallas; General DataComm Inc., Middlebury, Connecticut; Guardian Industries, Northville, Minnesota; Hurco Companies Inc., Indianapolis; Masstor Systems Corp., New York; Oracle Corp., Redwood Shores, California; Peavey Electronics Corp., Meridian, Mississippi; Sperry Marine Inc., Charlottesville, Virginia; Square D Co., Palatine, Illinois; Stonhard International Inc., Maple Shade, New Jersey; Timken Co., Canton, Ohio.

■ China's Barriers Targeted by U.S.

China was sharply criticized on Friday by U.S. trade authorities for increased barriers to U.S. sales, the Associated Press reported from Washington.

U.S. exports to China dropped by $1 billion in 1990. The Chinese sold the United States $10.4 billion worth of goods more than they bought. That surplus was $4.2 billion more than in 1989.

The criticism was included in the annual report on trade barriers compiled by the office of the U.S. trade representative, Carla A. Hills.

Japan's Surplus Widens

Experts Predict Further Increases

Compiled by Our Staff From Dispatches

TOKYO — Strong export growth helped push up Japan's current account surplus 26.3 percent in February, fueling fears that after years of narrowing, Japan will pile up bigger surpluses in the months to come.

Japan's long-term capital account, meanwhile, swelled to the second-largest surplus ever in February as foreign investors bought a record amount of Japanese stocks.

The Finance Ministry reported Friday that the current-account surplus widened to $6.09 billion in February from $4.82 billion in February 1990.

It was the first year-to-year rise since last June, and compared with a deficit of $33 million in January.

"A monthly increase is going to be the rule this year, not the exception," said Paul Summerville, economist at Jardine Fleming Securities Ltd.

Economists said the healthy exports resulted from strong demand for Japanese products in Asia and Europe and the lingering effects of a weaker yen last year.

The Japanese government has been attempting to narrow the surplus under pressure from its major trading partners, and had been succeeding.

The current account surplus for the first 11 months of the fiscal year ending March 31, totaled $29.5 billion, down nearly 35 percent from the same period a year earlier.

But Mr. Summerville and other economists said recent data suggested that progress in trimming the surplus might be over.

The current account measures trade in merchandise plus services, insurance, tourism and remittances.

The merchandise trade surplus alone swelled to $6.89 billion in February from $5.35 billion a year earlier.

Exports climbed 12.19 percent to $24.29 billion from $21.65 billion last year. It was the ninth consecutive month of export growth.

Imports rose 6.88 percent, to $17.41 billion, the 11th consecutive month of growth. It was the second straight month that import growth was less than 10 percent, which economists attributed to lower oil prices and slower domestic demand.

Japan's long-term capital account dramatically reversed to a $5.96 billion surplus against a $7.91 billion deficit last year. The surplus largely reflected record foreign buying of Japanese stocks, which surged to $8.51 billion in February.

(Reuters, AFP)

After the Quarter's Bull Run, Questions Arise

By Tom Petruno
Los Angeles Times Service

The U.S. stock market posted dramatic gains in the first quarter, anticipating in classic style the end of an economic recession.

The question now: Did the recession end — or has the market somehow been hoodwinked?

The Dow Jones industrial average leaped 280.20 points, or 10.6 percent, in the quarter, although it slipped 3.71 points to 2,913.86 on Thursday in the last session before the holiday.

But almost all the Dow's rise in the quarter was achieved between Jan. 17 — the start of the Gulf war — and Feb. 11. Since then, the Dow has churned mostly between 2,875 and 2,975 as investors have begun to second-guess the idea of a new bull market.

The Dow made a run at 3,000 early in March, but failed to close above that historic mark, just as it had failed to do so last July. The Dow's closing high for the quarter was 2,973.27 on March 6.

Despite that disappointment, the blue-chip Dow was just a sideshow to a much bigger market story in the first quarter: Investors, expecting an end to the first official economic recession since 1982, poured money into many badly depressed smaller stocks and into more speculative issues.

That enthusiasm was fueled by falling interest rates, and by the fast allied victory over Iraq in the Gulf war. Many investors believe that lower rates and the war's end will spark a resurgence of consumer spending and business investment, reversing the economic slide that began with Iraq's invasion of Kuwait last Aug. 2.

And if the economy does come back, it is expected to quickly boost the fortunes of many companies that were given up for dead — especially smaller companies whose shares were crushed in the 1990 bear market.

Investors' optimism shows in a tally of the quarter's milestones:

- The NASDAQ composite index of about 3,200 mostly smaller stocks rocketed 29 percent, nearly three times the Dow's rise and the biggest quarterly percentage gain for the index. The previous record for the NASDAQ: A 26.5 percent rise in the third quarter of 1975. The index closed Thursday at 482.30, nearing its all-time high of 485.73 set Oct. 9, 1989.
- NASDAQ trading volume surged to about 9.8 billion shares, also an all-time high, based on preliminary estimates. The old record was 9.6 billion shares in the third quarter of 1987.
- The hottest stock groups included those with companies that were slammed the worst in the fall, when consumer confidence was at its lowest. Shares of apparel retailers jumped 45.8 percent on average; S&L stocks were up 34.7 percent on average.
- High-yield corporate junk bonds, among the most speculative of investments, posted an average total return of 18.5 percent for the quarter, according to a First Boston Corp. index. Total return encompasses price appreciation and interest earned on the bonds. First Boston says that the gain is a record.

Can the stock and bond markets sustain that kind of exuberance? In recent weeks, Wall Street's nerves have been jangled by worries that the economy is not recovering as fast as expected — and likewise, corporate profits. The market took a bad hit March 19 when International Business Machines Corp. disclosed that its first-quarter profits would be half of what analysts had expected.

Investors now are caught between the fear of buying and the fear of selling, experts say. "I don't want to be short stocks," said Len Hefter at Jefferies & Co. in Dallas, referring to the over-the-counter issues he trades. "But I also would feel like a real idiot to be the last guy to own them."

Stock Funds Have American Investors Drooling Again

By Alison Leigh Cowan
New York Times Service

NEW YORK — In a sign that confidence is on the mend, mutual fund investors are shifting money out of conservative investments like government-securities funds and into riskier investments like stock funds specializing in growth companies and high-yield bond funds.

The shift began after the Gulf war ended, and continued in March, fund managers said this week.

"Investors are just hungry to get into the market," said Chrissy Snyder, a spokeswoman for the Janus Group of Mutual Funds in Denver.

The group saw a net inflow of $211 million in cash come in February, up from $137 million in January, she said, adding that a few days before the end of the month, the March inflow was $189 million.

Ms. Snyder said the strong inflows suggested that investors were less afraid of this recession than prior ones, when they sought only very conservative investments.

"Despite what you hear about a recession and things not coming back to life after the war, we're still seeing a great deal of money pouring into our group," she said. "More money is coming into the equity funds, which tend to have more risk, and coming out of the money markets and government securities portfolios."

Steven Norwitz, a spokesman for T. Rowe Price Associates in Baltimore, said of March: "We continue to see very strong investor interest in stock funds; not quite at the level that we saw in February, but February was a record high, so we wouldn't expect to match that."

Jon Fossel, chairman of Oppenheimer Group of Funds, said that investors' growing confidence "is showing itself in a willingness to be a little more adventuresome in their investing."

Those observations came as the Investment Company Institute issued its report Thursday on mutual fund activity in February.

According to the institute, $3.1 billion poured into stock funds, up from $646 million in January. The February net cash flow figure, the strongest month since $4.4 billion last May, includes all new purchases of stock mutual funds, all redemptions and all transfers among funds.

Of that $3.1 billion, $1.2 billion flowed into growth funds that specialize in small or high-risk companies and $806 million went into aggressive growth stock funds.

Bond funds also benefited, but to a lesser extent than the stock funds. Net cash flow was up $2.6 billion in February, down slightly from January's $3.2 billion.

One of the biggest magnets for those dollars were the junk bond funds, which surged $330 million. That was in contrast to the six prior months, when high-yield bond funds reported a net outflow of cash.

"February was sort of a turnaround month where the high-yield funds started getting cash flow again, and in March the trend continued," said John Reilly, a Boston spokesman for Massachusetts Financial Services, a mutual fund adviser.

He credited the change of heart to a flurry of deals that enabled troubled companies to attract badly needed equity infusions, as Southland Corp. recently did, or be bought out by stronger companies.

Mr. Norwitz of T. Rowe Price said the turnaround was all the more remarkable given that "junk-bond funds represented the worst-performing sector of the fixed-income market in 1990, but will show up as the best-performing sector in the first quarter of this year."

Another big flip-flop appears to be the international bond funds that flourished last year, when the dollar was weaker relative to other currencies.

Parties Agree on TWA Bid

United Press International

ST. LOUIS, Missouri — Unions at Trans World Airlines Inc. and representatives of the investor Kirk Kerkorian completed a proposal to buy out TWA on Friday after an all-night negotiating session.

The amount the group will offer to TWA's chairman, Carl C. Icahn, for the troubled airline was not revealed.

But Mr. Kerkorian's Tracinda Corp. promised to invest $250 million in the airline in exchange for $137 million in concessions by the airline's pilots, flight attendants and machinists, a machinists' union spokesman said.

The unions reportedly would own 23 percent of the airline, Mr. Kerkorian 50 percent, and TWA's creditors 27 percent.

"Pretty much, we've agreed that we can make an offer to Carl Icahn to buy the airline from him, retain the gates, and try to put TWA back as a competitive entity within the air transportation industry," said Tim Connolly of the International Association of Machinists and Aerospace Workers.

The word "gates" was a reference to TWA routes at London's Heathrow airport. The buyout group will ask the U.S. Department of Transportation to rescind or hold open for review a tentative approval of the sale of three TWA London routes to American Airlines. Mr. Kerkorian has said he will not buy TWA without its London routes.

Union representatives have said the airline's international routes are among its greatest assets.

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Ford Bank Unit to Be Fined

By Michael Quint

New York Times Service

NEW YORK — Ford Motor Co. has said that a subsidiary, First Nationwide Bank in San Francisco, has been criticized by federal regulators after an examination and that it expected to sign an agreement soon to change some business practices and to pay a fine.

In a Securities and Exchange Commission filing, Ford said the agreement proposed by the Office of Thrift Supervision would include commitments by the bank to keep its capital base strong, maintain adequate reserves for loan losses, modify transactions with affiliates and change overall management policies.

First Nationwide officials declined to say Thursday how large a fine they expected, but Ford said in the filing that the amount would not be significant.

Stephen L. Johnson, a First Nationwide senior vice president, said the violations that brought the fines were for "technical procedural matters" and did not involve the lending of money or other payments between First Nationwide and Ford.

In one violation, he said, Ford provided a portfolio-hedging service to First Nationwide without payment.

"There are no discussions or allegations from the regulators that management was incapable, or has done anything fraudulent or unsound," Mr. Johnson said.

The type of agreement the bank will sign, known as a supervisory agreement, is not as severe as being ordered to cease and desist from unsafe practices. Last year, the Office of Thrift Supervision arranged 168 supervisory agreements and fined nine institutions a total of $281,000.

First Nationwide, the country's fifth-largest savings institution, has made arrangements to strengthen its capital and loan-loss reserves.

After the examination last October, Ford provided First Nationwide with $250 million in additional capital. At the same time, First Nationwide added $115 million to its loan-loss reserves, causing a third-quarter loss of $44.6 million.

Between 1985, when Ford bought First Nationwwide, and late 1988, the banking company grew rapidly, acquiring many weak or insolvent savings institutions. But profits fell to $52 million last year, from $79.7 million in 1989 and from $101.8 million in 1986.

ECONOMY: *A Plus Sign for U.S.*

(Continued from page 1)

government policy is next Friday's unemployment figure, which is widely forecast to show a continuing decline of 150,000 to 200,000 in the number of jobs. The forecasts are based on initial unemployment claims that remain tenaciously high at slightly above half a million; a lower index of help-wanted advertisements; and an American Chamber of Commerce report that employers plan to lay off more workers during the spring and summer.

Citing these reports, Philip Braverman, an economist with DKB Securities, reported that credit markets were "beginning to recognize that the economic recovery is only a distant hope."

After the dollar's meteoric rise, he said the somber domestic outlook would give the Federal Reserve Board leeway to ignore recent surges in inflation and cut interest rates another quarter point to a 5¾ percent rate for federal funds, while probably also cutting the discount rate by half a percentage point from its current level of 6 percent.

The dollar was quoted at 1.6965 Deutsche marks in New York at midday, as trading concluded early ahead of the Easter weekend. That was down from 1.7035 DM at the close on Thursday.

It also fell to 140.55 yen from 141.05.

"There's very little going on at all," said Stephen Jury, chief dealer at Chemical Bank. "The market is basically closed."

Traders said most deals consisted of position-squaring ahead of the holiday weekend. Most European markets were closed Friday and also will be shut on Monday.

The mark received a bit of support from the lack of violence Thursday at demonstrations in Moscow, dealers said. Political unrest in the Soviet Union has been weighing on the German currency in recent weeks.

"Market sentiment remains bullish for the dollar, but we might see a further shakeout if Moscow is quiet over the weekend," Mr. Jury said.

Markets Closed

Most financial markets were closed Friday for a holiday.

WORLD STOCK MARKETS

Agence France Presse March 29

Milan	Close	Prev.
Alenia	2298	2279
Banca Comm	4835	4730
Bastogi	276	275
Cigahotels	3015	3048
CIR	2570	2525
Cred Ital	2630	2567
Enimont	N.Q.	—
Eridania	7300	7140
Ferfin	2295	2310
Ferfin Risp	1399	1395
Fiat SPA	5540	5510
Generali	35150	34700
IFI	14900	14900
Italcem	22350	22300
Italgas	2985	2930
Italmobiliare	77000	76000
Mediobanca	15650	15350
Montedison	1548	1533
Olivetti	3990	3950
Pirelli	1670	1675
RAS	19900	19650
Rinascente	6050	6095
Saipem	1848	1799
SIP	1332	1335
SME	3210	3200
Snia	1650	1640
Standa	34550	34450
Stet	2225	2235
Toro Assi Risp	24900	24500

MIB current index : 1141.00
Previous : 1132.00

Tokyo	Close	Prev.
Akai Electr	778	780
Asahi Chemical	820	810
Asahi Glass	1340	1330
Bank of Tokyo	1320	1300
Bridgestone	1070	1070
Canon	1570	1570
Casio	1160	1170
C. Itoh	738	744
Dai Nippon Print	1560	1570
Daiwa House	1950	1950
Daiwa Securities	1360	1350
Fanuc	5330	5330
Fuji Bank	2650	2670
Fuji Photo	3550	3610
Fujitsu	1180	1190
Hitachi	1228	1220
Hitachi Cable	1070	1080
Honda	1470	1480
Ito Yokado	4210	4200
Japan Airlines	1290	1240
Kajima	1620	1630
Kansai Power	2880	2840
Kawasaki Steel	447	441
Kirin Brewery	1510	1520
Komatsu	923	912
Kubota	776	775
Kyocera	6550	6540
Matsu Elec Inds	1760	1740
Matsu Elec Wks	1610	1620
Mitsubishi Bk	2500	2510
Mitsubishi Kasei	611	609
Mitsubishi Elec	751	745
Mitsubishi Hev	779	785
Mitsubishi Corp	1330	1340
Mitsui and Co	808	806
Mitsukoshi	1270	1290
Mitsumi	1300	1300
NEC	1560	1570
NGK Insulators	1230	1190
Nikko Securities	1040	1040
Nippon Kogaku	1370	1380
Nippon Oil	1070	1090
Nippon Steel	477	477
Nippon Yusen	460	462
Nissan	768	760
Nomura Sec	2100	2110
NTT (SF)	10950	10737
Olympus Optical	1060	1050
Pioneer	4820	4850
Ricoh	775	756
Sanyo Elec	635	630
Sharp	1450	1460
Shimazu	835	840
Shinetsu Chem	1530	1540
Sony	6650	6700
Sumitomo Bk	2300	2290
Sumitomo Chem	531	537
Sumi Marine	970	950
Sumitomo Metal	526	527
Taisei Corp	1020	1030
Taisho Marine	991	985
Takeda Chem	1800	1780
TDK	5560	5550
Teijin	585	580
Tokyo Marine	1340	1340
Tokyo Elec Pw	3860	3870
Toppan Printing	1460	1440
Toray Ind.	657	650
Toshiba	838	838
Toyota	1830	1830
Yamaichi Sec	1050	1060

Nikkei 225 : 26292
Previous : 26097
Topix Index : 1968
Previous : 1967

Peru Cancels Restrictions On Currencies

Reuters

LIMA — Peru, in a move to liberalize commerce and guarantee free competition, has ended state monopolies and lifted restrictions on holding foreign currency, the official newspaper El Peruano said on Thursday.

It quoted a government decree as saying state-owned firms could no longer operate "in an exclusive way" and would now compete with private sector firms.

Tax exemptions and other privileges enjoyed by these firms had also been suspended.

It listed 12 firms affected by the decree, including two holding a monopoly on the import and marketing of foodstuffs.

Economy Minister Carlos Bolona, who earlier this month announced the lowering of import duties and other measures to liberalize the economy, has been quoted as saying the state would end its monopoly of the electricity and telephone industries. The decree made no specific mention of these areas.

Peru, where the state has intervened heavily in the economy since the late 1960s, has moved to reduce state participation under the government of President Alberto Fujimori.

De Benedetti Suffers Setback

Reuters

MILAN — An alliance including the media magnate Silvio Berlusconi won boardroom control on Friday of AME Finanziaria SpA, the parent company of the publishing house Arnoldo Mondadori Editore SpA.

An AMEF shareholders meeting elected nine directors put forward by the Mondadori-Formenton family allied to Mr. Berlusconi and three nominated by Carlo De Benedetti's Compagnie Industriali Riunite SpA, or CIR.

But CIR, which has fought the Berlusconi alliance for Mondadori since late 1989, said it would appeal the decisions reached at the meeting.

The meeting was called after a Milan court last month restored limited voting rights to the Formentons' 26.3 percent stake in AMEF, wresting from Mr. De Benedetti day-to-day control of the company and through it Mondadori.

AMEF holds 50.3 percent of the publishing house's ordinary shares. The Formentons' stake is sequestered pending the outcome of a case over whether they must fulfill an earlier pledge to sell their stake to Mr. De Benedetti. A Rome court ruled in January that the Formentons were not obliged to honor an agreement to sell their stake to Mr. De Benedetti.

Shortly after the meeting Friday, Vittorio Ripa di Meana, the deputy chairman of CIR, ruled out any amicable settlement for the time being.

"We don't believe that Fininvest is showing any desire for negotiations," he said, referring to Mr. Berlusconi's financial holding company, Fininvest SpA.

Mondadori shareholders are to meet in June to consider competing capital-increase proposals for the embattled publisher, which is expected to have net debt of 600 billion lire ($470 million) this year.

The Berlusconi faction has proposed launching a 412 billion lire rights issue for the publisher, and the De Benedetti group a 400 billion rights issue.

CIR holds 26.9 of AMEF's ordinary capital. With the sequestered stake, Fininvest and the Mondadori and Formenton families control a majority of AMEF's ordinary share capital.

Pernod-Ricard Profit Slides

Agence France-Presse

PARIS — The French food and drinks group Pernod-Ricard said Friday it made a net profit last year of 1.1 billion francs ($191 million), down from 1.45 billion in 1989.

The group said the two results were not comparable because 1989's figure included much larger exceptional profits from the sale of Société Parisienne de Boissons Gazeuses, which distributed Coca-Cola, than those achieved in 1990 from the sale of the champagne label Besserat de Bellefon.

Excluding exceptional items, 1990 net profit was 891 millon francs.

LAND: *Red Tape Slows Hungary Property Sales and Foreign Investment*

(Continued from first finance page)

munist and Nazi eras, more than 1 million property claims have been filed and many investors are waiting for the courts to decide the issue.

In Marriott's efforts to find a hotel site, the problem does not involve a pre-Communist owner's claim for the building.

Mr. Juhasz said Technoimpex submitted a memorandum to city officials last year proposing the land purchase. He said the firm was trying to persuade the warring councils to come to terms over Thonet House instead of waiting for a new land law from Parliament.

A Marriott spokesman in Bethesda, Maryland, refused to comment on the negotiations.

Even if an accord between the councils is worked out and Marriott buys the property, it would face another hurdle: the tenants. City officials say that under Communist laws still in force, individual tenants cannot be evicted.

"It would cost a fortune," Mr. Juhasz admitted. There's more. Like many buildings in Eastern Europe, Thonet House's interior is in bad shape and virtually beyond hope for renovation.

Mr. Juhasz said everything except the facade would be razed for construction of an entirely new building. That would take two to three years.

Marriott is not alone in trying to find a site in Hungary. About 15 major firms are "aggressively" searching for sites, according to Jeremy Holder, a director of the London-based International Hotel & Leisure Associates.

Few have come close to striking a deal and one of the successful firms, Oberoi Hotels International, has mixed feelings.

Vijay Raina, a vice president of Oberoi, is unsure whether the firm would have embarked on its planned $70 million acquisition of the Gresham Palace building if it had known how difficult the process would be.

But Mr. Raina, echoing many financial experts, said firms that turn their backs on Eastern Europe during these confusing, almost lawless days may lose a crucial opportunity.

"The time to get in is now," he said.

DEPOSITS: *Are Some Banks Too Big or 'Too Vital' to Fail? Debate on Stability Versus Cost Continues*

(Continued from first finance page)

banks deemed small enough to fail say it is unfair for the government to rescue rich depositors — many of them foreign investors — at bigger banks.

And small community banks decry increases in their deposit insurance premiums to pay for the rescues of big commercial banks. Too-big-to-fail is "simply, patently unfair," said Representative Carroll Hobbard Jr., a Kentucky Democrat and a House Banking Committee member who notes that not a single bank in western Kentucky would be considered big enough to save by federal officials.

With the FDIC perilously close to tapping taxpayer money to meet its obligations, the protection of uninsured deposits will become even more controversial. Last week, the FDIC said it would borrow $3 billion from the Treasury to pump into Bank of New England, an amount roughly equal to the bank's uninsured deposits.

The Treasury report on the banking overhaul is itself ambiguous on the issue of too-big-to-fail.

Mr. Brady's proposal attacks the principle. It says that the rise in bank failures in the past 10 years "suggests that our current trade-off errs in the direction of stability, at the expense of the health of the system itself." The Brady bank report says that "more market discipline from depositors will curb risky institution behavior and thereby reduce the rate of failure."

Vowing to let more banks sink, the Treasury legislation takes away from the FDIC the power to decide which banks are too big to fail. That choice would be made by Treasury and the Fed, although the FDIC would still pay the cost.

Yet, the report shies away from suggesting that the policy be scrapped, acknowledging that there are instances in which federal officials must promise to pay uninsured depositors to prevent a "contagion" of panic and bank runs.

In effect, the Treasury legislation endorses the status quo.

"With constructive ambiguity, many, although not all, uninsured depositors will exercise discipline," the Treasury report says, leading bank owners and managers to become more prudent.

There are institutional biases in the debate over the issue of too-big-to-fail.

The Fed worries about stability. A source familiar with Fed thinking said that "the reality of the situation is that there is a valid premise to too-big-to-fail." He notes that most large money-center banks fund 40 percent to 50 percent of their assets by buying money in jumbo certificates of deposit or in Euromoney markets. If a big bank fails, it could dry up confidence in jumbo CD or Euromoney markets, and big banks would find it difficult to fund balance sheets at reasonable interest rates.

"Without that money, they'd have to shrink, and shrink overnight," he said. A policy of not bailing out any bank no matter how big would be "the height of stupidity."

The FDIC worries about cost. Last week, the FDIC chairman, L. William Seidman, said, "You cannot have the insurance fund in place where someone else decides whether it should pay for too-big-to-fail." He said that if the Fed wants to protect essential deposits, the FDIC should not have to pay for it.

"If somebody else wants to cover it, be our guest, and pick up the bill," Mr. Seidman said.

Fed officials also cite a serious episode in 1974: the failure of Bankhaus I.D. Herstatt in Cologne. That collapse brought the world foreign-exchange market to a halt and revealed the vulnerability of an interlocking financial network.

Herstatt failed because it lost more than $400 million in foreign-exchange trading. When it closed abruptly, many banks had sent payments to Herstatt to cover their currency trades, but Herstatt was unable to fulfill its end of the deals. When Herstatt failed, Chase Manhattan Bank calculated that it had upward of $900 million in claims on the bank and about $156 million in money to be paid out.

Since the Herstatt failure, central bankers in major industrialized nations have not allowed any large bank to fail without protecting all depositors and creditors.

The classic case of too-big-to-fail is the 1984 rescue of Continental Illinois, a bank with $40 billion in assets, only $3 billion of which were insured.

Continental Illinois had borrowed money from other banks and had drawn in money by selling jumbo certificates of deposit, larger than the $100,000 deposit insurance limit. If the FDIC had refused to pay uninsured depositors, it would have caused heavy losses at major corporations and banks.

The largest failed bank ever resolved through a payoff limited to insured deposits was Capitol Bank & Trust Co. of Boston, which had deposits of $438 million, $25 million of which was uninsured, according to the Treasury.

The debate over too-big-to-fail has been sharpened by the contrast between the recent treatment of Bank of New England, which was rescued, and Freedom National, the Harlem-based bank that was allowed to close.

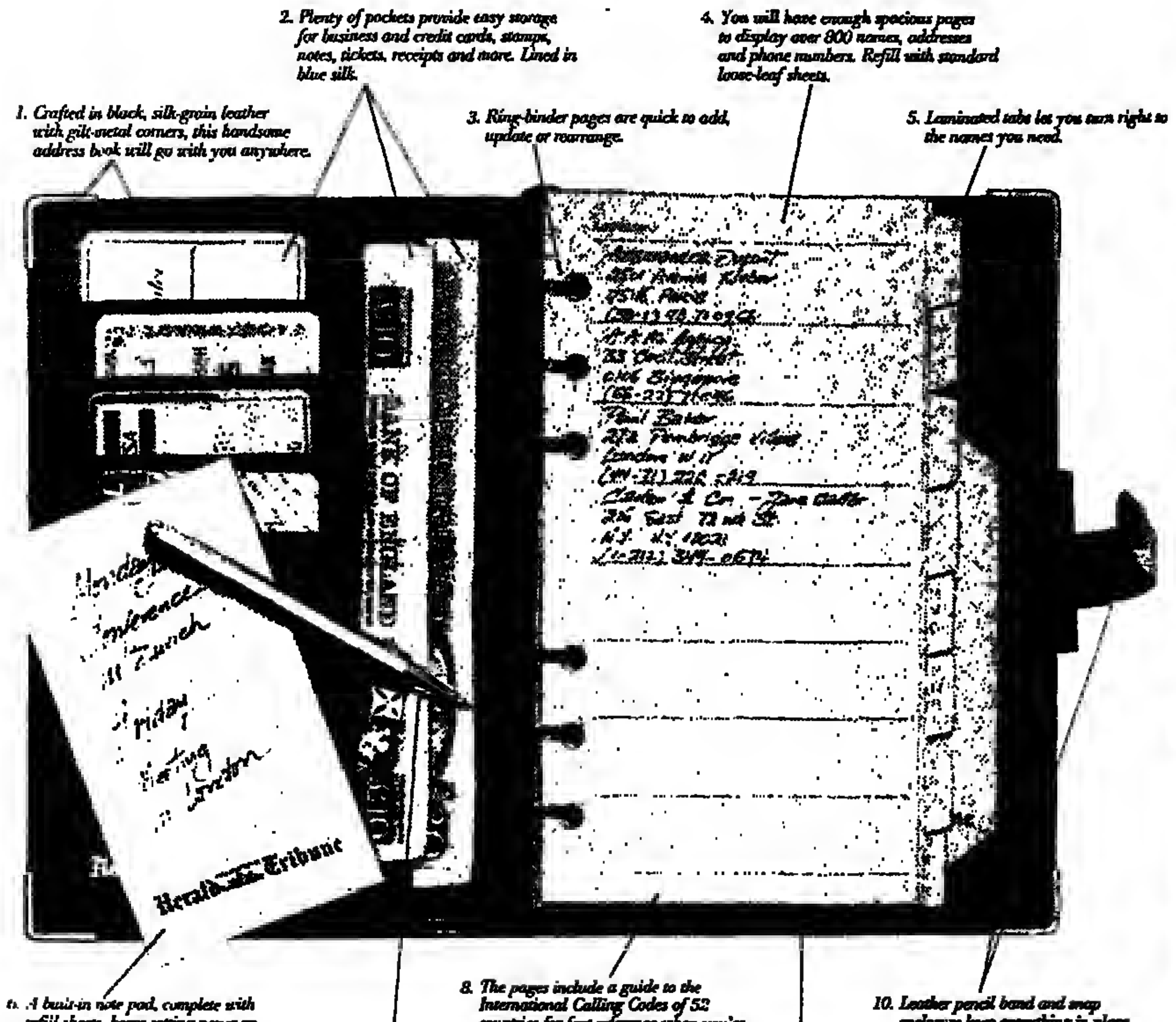
Though the depositors who lost money in Freedom National had no impact on the national financial system, they did hurt the Harlem community. Local businesses and foundations, such as the United Negro College Fund, lost money.

"I encouraged everybody: You want to get along in my community, you support Freedom National Bank," said Representative Charles B. Rangel, Democrat of New York, who said the treatment of Freedom was unfair.

Small bankers argue that a too-big-to-fail policy encourages people to transfer money to big banks and away from banks deemed small enough to fail. Ken Guenther, executive vice president of the Independent Bankers Association of America, said the Treasury bank-overhaul package was typical of people who "made their mark and their millions on Wall Street."

"This benefits Wall Street, the wealthy, and the established to the detriment of Main Street," he said.

Bert Ely, an independent banking consultant, said that to fall back on depositors to withdraw funds to discipline bad bank management is an admission that the first two forms of discipline — from stockholders and regulators — have failed.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Japan Turns Cautious on New Loans

Reuters

TOKYO — Nations granted forgiveness of old debts to foreign countries may find themselves getting the cold shoulder when they ask Japan for fresh money.

Japan, the world's largest creditor nation, is committed to aiding debt-strapped nations, but may become more cautious about making new loans, Japanese government officials say.

They say the recent accord by the Paris Club of government creditors — to cut their Polish debt by 50 percent — and the possibility that other debtors will seek similar treatment have made Tokyo feel uneasy, and could discourage future loans.

"The Polish debt deal was not serious enough to force an immediate change in our foreign aid policy," a senior Finance Ministry official said. "But we may at least become a bit more careful about making new loans from now on."

Officials said cutting existing debt and making new loans were incompatible, because if a country is granted debt forgiveness, it can no longer be considered creditworthy.

"If we accepted a cut and would still make new loans, how could we explain to our taxpayers whose money has been lent?" an official asked. "We just can't do both. If you want debt forgiveness, you can't get new money, and vice versa."

He said that Poland was now ineligible for any new official Japanese credit and that Tokyo would also have to be more choosy about giving new loans to other nations because any debtor could eventually follow Poland's example.

The Paris Club, including Japan, agreed this month to an immediate 30 percent reduction and a further 20 percent cut after three years of the $33.3 billion owed them by Poland. Its total foreign debt amounts to $48.5 billion.

The Polish deal marks the first time Western creditor governments have agreed to reduce official debt of a middle-income developing country. The creditor nations are also likely to agree to cut Egyptian debt soon, officials said.

The United States pushed hard for debt cuts for Poland and Egypt, but Japan firmly opposed the reductions because forgiveness would seriously affect the basic concept of Japan's foreign aid policy, the officials said.

Japan argues that new money is indispensable for any developing country to achieve economic prosperity and that Tokyo should play a key role in securing the steady flow of funds into the Third World.

"How can the developing countries restore their economies without new money?" Finance Minister Ryutaro Hashimoto has asked repeatedly.

Japan overtook the United States as the world's biggest aid donor in 1989. Its official aid totaled $8.96 billion in 1989, up 4 percent from 1988. That of the United States fell 27 percent, to $7.66 billion, according to government statistics.

"For Japan, which is committed to keep playing the role of the world's leading aid donor, growing calls for debt cuts are a real pain in the neck," the senior Finance Ministry official said.

Now that the United States and other Western donor nations are reducing their commitment to new credits, Japan is virtually the only nation steadily expanding new loans to the Third World, officials said.

"That's why we can't be as enthusiastic about debt reduction as the Americans and others," the ministry official said.

Japanese government officials stressed that they would treat Poland and Egypt as exceptions, and never let them set a precedent for other debtor nations.

"The Poland deal was struck as a result of compromise. It's only a one-time deal, and nothing more than that," the senior ministry official said.

Profit Off At Japan Tire Firm

Compiled by Our Staff From Dispatches

TOKYO — Bridgestone Corp., the world's second-biggest tiremaker, said Friday that group net profit plummeted 53 percent last year, to 4.5 billion yen ($32 million).

The company said the plunge in earnings reflected lower sales and increased production costs in North America and Europe, suspended rubber-plantation activities in Liberia due to civil war, and higher material costs.

Consolidated sales for the year to December grew 6 percent over the previous year's level, to 1.78 trillion yen. Overseas sales rose 3 percent, to 1.02 trillion yen, while domestic sales climbed 10 percent to 759 billion yen.

Tire sales were only 1 percent higher, at 1.29 trillion yen, while sales of other products advanced 18 percent, to 493 billion yen.

Bridgestone said the depressed results from North America and Europe mainly reflected lower sales in the replacement market.

The company said net profit in 1991 was expected to rise modestly to 10 billion yen on sales of 1.8 trillion yen. The recovery in group profit in 1991 is based on rationalization in overseas units, a Bridgestone spokesman said.

(Reuters, AFP)

Malaysia Posts Strong Growth

But Central Bank Warns on Inflation and Trade Balance

Compiled by Our Staff From Dispatches

KUALA LUMPUR — Malaysia's real economic growth hit 10 percent in 1990, the highest level in almost 15 years and better than all its Southeast Asian neighbors, but the torrid pace threatens to worsen the country's inflation and balance of payments, the central bank governor, Jaffar Hussein, said Friday.

"This ability of the economy to grow despite the more adverse external environment was largely due to the effective restructuring of the domestic production base," Mr. Jaffar said.

Malaysia is the world's top producer of palm oil and rubber and a major producer of petroleum, tin and cocoa. But it has diversified successfully into manufacturing, weaning its economy away from the primary commodity sector.

The central bank's forecast for growth in gross domestic product for 1991 reflected that shift. It indicated that Malaysia stands to benefit more from lower oil prices, which would help industrialized economies and boost Malaysian exports, than from higher oil prices, which would swell revenues from oil exports.

Bank Negara is predicting that growth will hit 8.3 percent if crude oil prices average $20 a barrel, but will be an even stronger 8.6 percent if crude averages $15 a barrel.

"Again this will exceed the rates of growth anticipated for other countries in the Asia Pacific region," Mr. Jaffar said.

Last year's growth rate compared with 8.8 growth in 1989. Malaysia last hit double-digit growth in 1976, when the economy expanded by 11.6 percent, Bank Negara said.

Bank Negara reported that GDP growth of the Association of South East Asian Nations, which includes Brunei, Indonesia, Malaysia, the Philippines, Thailand and Singapore, averaged 7.5 percent in 1990 and will fall to 6.2 percent in 1991.

Next to Malaysia, Thailand was the top performer in 1990 with growth of 9.8 percent. It is forecast to slow to 7.5 percent in 1991.

Mr. Jaffar warned, however, that the buoyant economy has presented a "whole new set of economic management issues," including rising inflation, weakness in the balance of payments, labor shortages and infrastructure bottlenecks.

Malaysia's consumer price index is expected to rise 4.5 percent in 1991, up from 3.1 percent in 1990. Mr. Jaffar said the central bank's 1991 monetary priority will be to keep prices stable.

"As a trade-off for five successive years of strong economic expansion, the balance of payments current account will continue to be strained by sharply higher growth in imports in relations to exports," Mr. Jaffar said.

Bank Negara said that Malaysia's overall balance of payments would run into a deficit of 279 million ringgit ($101 million) in 1991, a sharp reversal from the 5.4 billion-ringgit surplus in 1990.

"We do not see the balance of payments returning to surplus for the next three to four years," Mr. Jaffar said.

Imports, mainly of capital goods, have outpaced exports — rising by 30 percent in 1990 compared to export growth of 16.4 percent. This trend will widen the current account deficit to 12.2 billion ringgit in 1991, compared with a 9.3 billion deficit in 1990. *(Reuters, AFP)*

Japanese Interest in U.S. Property Slows

By David S. Hilzenrath

Washington Post Service

WASHINGTON — Japanese investment in U.S. real estate continued its moderate two-year decline in 1990 as Japanese banks retrenched and investors moved away from overbuilt U.S. office markets, according to a new report.

Although they are closely identified with purchases of landmark or "trophy" office buildings, such as Rockefeller Center in New York, Japanese investors have been shifting their focus to resorts, hotels and riskier investments in undeveloped land, according to the report by Kenneth Leventhal & Co.

Japanese investment in U.S. real estate in 1990 totaled $13 billion, 21 percent below the peak investment year of 1988, when it was $16.5 billion. The 1989 figure was $14.8 billion.

The Japanese have been aggressive in the U.S. real estate market only for the past six years, during which they have invested $70.7 billion, according to the report by Leventhal, a California-based accounting firm that specializes in real estate finance.

In Washington, however, the decline from 1989 was a more precipitous 26.5 percent, from $260 million to $191 million. Japanese buyers have invested $1.2 billion in Washington real estate over the years, Leventhal reported.

Perhaps the most familiar Japanese investment in Washington in the past year was the purchase of the Watergate Hotel for $48 million by Nikko Securities International in partnership with Trusthouse Forte PLC of Britain. In previous years, Japanese groups have invested in other landmark Washington hotels, such as the Westin, the Hay-Adams and the Jefferson.

According to the report, 45 percent of Japan's U.S. real estate investment last year was concentrated in California. Hawaii and Guam, a destination for Japanese vacationers, ranked second and third.

Investment in New York dropped a dramatic 82 percent.

Japan ranks fourth behind Canada, Britain and the Netherlands as an investor in U.S. real estate.

But Stephen G. Finn, the managing partner in Leventhal's office in Washington, said Japan probably had invested more money in U.S. real estate last year than any other foreign country.

Leventhal & Co. predicted that Japanese investment in U.S. real estate would decline in 1991 to about $6 billion to $10 billion, in part because of the Gulf conflict, which put potential Japanese investments on hold for eight months.

The anticipated lifting this spring of some Japanese government restrictions on investments by life-insurance companies could buoy investment in the United States, Mr. Finn added.

Japanese purchases of "trophy" properties are down because the Japanese government has discouraged investors from pursuing sensitive symbols of American pride and because, as Mr. Finn put it, "Most of the trophy properties already have been acquired."

Office buildings accounted for only $2.2 billion of Japanese investments in 1990, down from $3.3 billion the previous year, Leventhal said.

Meanwhile, investment in undeveloped land, which accounted for 9 percent of the total in 1989, increased to 13 percent in 1990. The investors generally plan to hold that land for eventual development, attesting to their long-term confidence in U.S. real estate, Leventhal said.

Recent troubles in the U.S. real estate world have introduced some Japanese banks to the downs as well as the ups of American property values, however.

The Japanese banks were not purchasers of U.S. real estate but lenders to others who are buying, and loan defaults by troubled U.S. borrowers gave the Japanese bankers an introduction to the American art of renegotiating debts.

Unfamiliar with American practices, some Japanese banks initially reacted to the defaults by demanding that their U.S. borrowers be thrown in jail, Mr. Finn said.

IBM Japan Net Declines 19%

Reuters

TOKYO — IBM Japan Ltd., feeling the heat of tougher domestic competition, said Friday that its net profit had fallen 18.8 percent in 1990, the first decline in five years for the unit of International Business Machines Corp.

Net dropped to 82.82 billion yen ($591 million), while sales rose to 1.33 trillion yen, up 1.1 percent from the year before.

IBM Japan's president, Takeo Shiina, said that sales of mainframe computers, workstations and other big-ticket items had slumped because major buyers, especially financial firms, had less to spend. Heightened domestic competition slimmed margins and made recruitment more expensive, he said.

Korea's Trade Deficit Surged at Start of '91

Compiled by Our Staff From Dispatches

SEOUL — South Korea's trade deficit more than doubled in the first two months of this year, and the country ran up a record monthly trade deficit of $274 million with the United States in February, the Customs Administration announced Friday.

The country's overall deficit ballooned to $3.31 billion in January and February, up from $1.23 billion in the first two months of 1990.

Korean exports have been sluggish because of eroding price and quality competitiveness.

Also, the country's growth last year was fueled mainly by domestic consumption and construction rather than by exports, the engine of rapid economic progress in the past two decades, the Bank of Korea said Friday. It reported that growth in 1990 surged to 9 percent from 6.8 percent in 1989.

The February deficit in trade with the United States, Korea's No. 1 trading partner, was more than double the previous record deficit of $120 million in January.

The deficit for the two months combined came to $394 million, compared with a $173 million surplus in trade with the United States in the same two months last year.

South Korea's trade deficit with Japan in February was $638 million. That brought its January-February trade deficit with Japan to $1.32 billion, up 60 percent from $828 million a year earlier.

The country posted a $251 million trade surplus with the European Community during January and February, compared with a $195 million deficit in the same period last year.

South Korea's 1990 growth rate was in line with recent projections following a surge in economic activity during the year. The government had initially projected growth of only 6.5 percent.

Gross national product, the nation's total output of goods and services, amounted to 130.37 trillion won ($180 billion) at fixed 1985 prices, compared with 119.58 trillion won in 1989. Nominal per capita income rose 11.5 percent to $5,569 from $4,994.

South Korea enjoyed an average annual GNP growth rate of 12 percent from 1986 to 1988 as exports grew sharply. But growth slowed to 6.8 percent in 1989 as the nation's economy was hurt by widespread strikes and lagging productivity.

Thai Leader Vows VAT and Tariff Shifts

Agence France-Presse

BANGKOK — Thailand's caretaker prime minister, Anand Panyarachum, has pledged to impose a value-added tax on goods manufactured in Thailand and restructure tariffs on imports, officials said Friday.

The officials in the prime minister's office quoted him as saying that the changes were intended to generate more equity in revenue collection while eliminating redundant taxation and reducing manufacturing costs.

They said details would not be released until next week, when the caretaker government presents its policy platform to the military-dominated National Assembly, which was formed after a coup last month. But local newspaper reported said the VAT was expected to be less than 10 percent.

Mr. Anand, who was chosen by the ruling junta, has pledged to leave a lasting imprint on economic policy before he steps down next year.

Norinchukin Weighs Merger

Reuters

TOKYO — Norinchukin Bank Ltd., which specializes in doing business with Japan's agricultural cooperatives, said Friday that it would discuss a merger with some of the 47 credit unions operated by the cooperatives.

Officials at the policy-setting central organization of Japan's 3,600 farm cooperatives said the move is in line with a plan to restructure the 40-year-old co-op system, starting in 1994.

The merger could create a bank with deposits totaling 45 trillion yen ($320 billion), about the same as those held by major Japanese commercial banks, banking sources said. An official at Norinchukin Bank said it now has deposits of 21.3 trillion yen and bonds worth 6.2 trillion.

Inflation Eases, Japan Reports Show

Compiled by Our Staff From Dispatches

TOKYO — Two key barometers of the economy released on Friday suggest that inflation in Japan may be moderating, but overall economic conditions remain tight, economists said.

Consumer prices in the Tokyo area for March climbed 0.3 percent from February and 3.7 percent from a year earlier, the Management and Coordination Agency said.

Nationwide consumer prices for February dropped 0.3 percent from January and gained 3.9 percent from a year earlier. Japan's consumer prices are generally stable, an Economic Planning Agency official said.

The Management and Coordination Agency also announced that the seasonally adjusted unemployment rate for February was at 2.0 percent, unchanged from January.

A Management and Coordination Agency official attributed the rise in Tokyo consumer prices for fiscal 1990 to higher fresh food prices because of unseasonal weather, higher oil prices due to the Gulf crisis and higher than expected economic growth in 1990-91.

Fresh vegetable shipments are expected to increase in the spring, and this will help cap overall price rises in the coming months, economists said. The recent stability of oil-product prices will also help to level off consumer prices.

Japan's unemployment rate reflects a serious labor shortage, although economists see no likelihood of sharp drops from current levels soon. The Bank of Japan, in its quarterly report in early March, said the labor shortage is the most serious in Japan's history.

The Economic Planning Agency said Japan had entered the 52d consecutive month of expansion in March.

"Domestic demand has been firm and Japan's economy is still in an expansionary phase," the agency said in a monthly report.

It said that the continued expansion, only five months short of the record 57-month boom that ended in mid-1970, was supported by greater company profits and lower unemployment, as well as firm domestic demand.

The report nevertheless noted a "temporary" slowdown in consumer spending in March and added that capital investment seemed to be slowing.

The agency announced earlier this month that consumer spending in the December quarter of last year had fallen 0.3 percent from the previous three months.

In another report this week, the agency said its leading index of economic indicators — indicating future trends in economic activity — remained below the crucial 50 percent level for the fifth month in a row in January. *(Reuters, AFP)*

Nippon Steel Says It Will Step Up Its Diversification Drive

Agence France-Presse

TOKYO — Nippon Steel Corp., the world's biggest steelmaker, said Friday it would sharply reduce its reliance on steel while spending 600 billion yen ($4.3 billion) on plant and equipment in the next three years.

News reports said the company also planned to slash 4,000 jobs from its steel division in the same period.

But it was unclear if the workers would be reassigned to other divisions.

Nippon Steel has already reduced its work force by 17,000 in the past four years.

It has also branched out into new fields such as electronics, new materials and urban redevelopment under a restructuring program to improve profitability.

The company, which recently slashed this year's profit forecast, said sales were likely to rise from 2.6 trillion yen in the current year to 3.5 trillion yen in the year to March 1993.

The steel division's share of total sales is expected to fall from 75 percent last year to 64 percent by 1993, a statement said.

Chemical activities are forecast to rise from 10 percent of all sales to 13 percent.

Engineering sales are projected to climb from 10 percent to 12 percent.

Sales generated by the electronics, information and communications sectors along with other new materials are forecast to jump from 5 percent to 11 percent, eventually becoming the mainstay after steel.

Nippon Steel announced two weeks earlier that it was cutting its pretax profit estimate from 170 billion yen to 160 billion yen for the current year, down 20.9 percent from last year.

A further two Japanese steelmakers also cut their profit forecasts while another two left their projections unchanged.

The plan, which will start this April, covers parent Nippon Steel and 70 of its 98 subsidiaries that deal with electronics and information, chemical and engineering activities — areas the company calls "new businesses."

PORK: *Dispute Has U.S. and Canada at Odds Over Free-Trade Accord*

(Continued from first finance page)

iting the facts the ITC could use in reviewing the duties.

In a letter to Mrs. Hills urging a challenge, 20 senators wrote that allowing the trade panel to restrict evidence in the case "goes against the basic spirit and intent" of the free-trade agreement.

But Canadian Ambassador Derek Burney said last week that U.S. attempts to challenge the panel's decision were "inappropriate."

He noted that under the Canada-U.S. agreement, an "extraordinary challenge" could go forward only when there had been misconduct by a panel member or if the panel had exceeded its authority, and neither had happened in this case.

American lawmakers, however, charge that the panel exceeded its authority. Senator Thomas A. Daschle, a South Dakota Democrat, said "a binational panel has run roughshod over United States law."

He calculated that the ruling could mean a $100 million drop in annual income for the pork producers.

Because the trade agreement has been unpopular among Canadians, the Ottawa government wants to use the pork ruling as evidence that the pact is succeeding.

Canadians also argue that appealing the ruling trivializes the dispute settlement procedure and would "threaten the integrity of the binational panel review process."

Since the trade pact went into effect on Jan. 1, 1989, 11 cases have gone through the review panel.

In high-ceilinged hearing rooms in Washington and Ottawa, the five-member panels, drawn from rosters of lawyers, academicians and other trade specialists, have come down with mostly unanimous decisions.

The five consist of two Americans, two Canadians and a fifth "swing" person, either American or Canadian, usually agreed upon by the other four.

"It's a unique system working remarkably well," said Andreas F. Lowenfeld, an international arbitration expert and professor at the New York University Law School.

The dispute panels were designed to help resolve some seemingly irreconcilable objectives of the United States and Canada during rocky negotiations over the pact in 1988.

Fearing a surge of American protectionism, Ottawa wanted more access to the United States market, which absorbs 75 percent of what Canada sells abroad.

On the other hand, the Reagan administration felt it could not accept any restraint on the right to enforce American trade laws and still win Congressional approval.

(Reuters, NYT)

MARCH 1991
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Tuesday 5 12 19 26
Wednesday 6 13 20 27
Thursday 7 14 21 28
Friday 1 8 15 22 29
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Herald INTERNATIONAL Tribune

THE MONEY REPORT

FIRST COLUMN

2 Bouquets, A Brickbat And a Bravo

THIS week a word of qualified congratulation to the fund managers Vanguard. This column awards the company two bouquets and one brickbat for its letter warning investors of the danger of overconfidence in health-care and biotechnology stocks, as reported on the opposite page.

Bouquet number one is for getting in just ahead of this column in advising readers of the dangers of the sector. The Money Report ran a broadly laudatory article on the sector and its funds in early February, since when share prices have steamed ahead of the rest of the rampant market in shares.

The Merrill Lynch Biotechnology Index shows a gain of 50 percent from the beginning of the year to last week. That is an incredible performance.

In fact, it's just too good to sustain itself. This week's column has already called for a significant correction in shares before the fall, and was all set to advise investors accordingly on health stocks, but Vanguard did so first. Bravo.

Bouquet number two consitutes something more than simply agreeing with our investment sentiments. It is good to see an investment house talking down a fund. Usually it is a case of "buy now while stocks (sic) last."

Now the brickbat. Vanguard's statement that their fund is not for investors "seeking to make short-term profits on a 'hot' stock-market sector" does not tally with our idea of good investment — which is about picking your stocks and being the smart money.

If you feel a "period of underperformance" may follow good performance and you still don't sell, just when do you pick up that phone and go liquid?

A Critical Choice Between Cyclical and Growth Stocks

By J.J. Duffy

THE world's stockmarkets are taking their Easter break in much better shape than many analysts would have dared predict at the beginning of the year. The Japanese market has bounced back strongly; the Nikkei Dow is well positioned around the 26,000 level after a terrible 1990. The Europeans have made strong gains and mostly held them, and American shares have consistently flirted with new highs. The talk in recent weeks has been of 3,000 points for the Dow Jones, and new records for the U.S. market.

But a key question asked by analysts is whether the post-war euphoria can be sustained. The answer depends in large measure on the economic prognosis. While the U.S. economy is edging toward recovery with each passing day, investors in the U.S. are being divided increasingly into two basic groups.

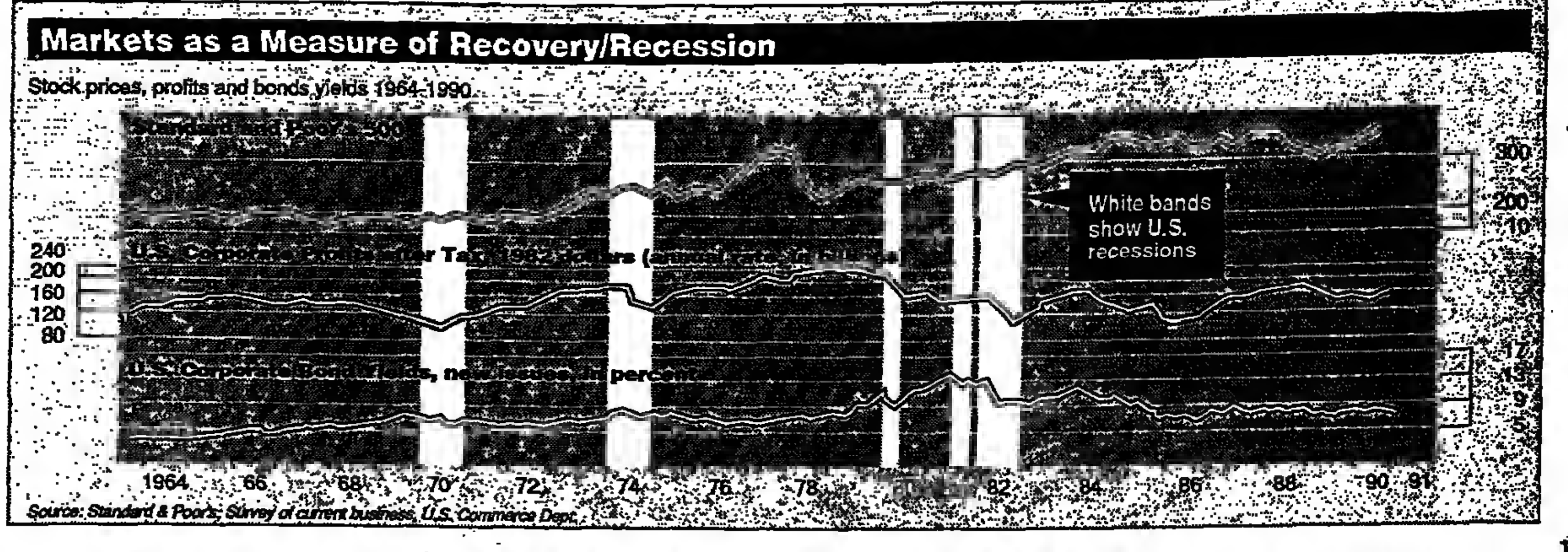
On one side are those who believe the U.S. recession ended when the guns fell silent in the Gulf. Convinced that the U.S. economy will now come charging back, these investors are now loading up on classic cyclical stocks such as banks, paper and building materials.

On the other side are more cautious investors who believe that the U.S. economy probably will not recover completely for many months. These investors are generally staying with growth stocks capable of producing steady predictable earnings.

At economic turning points like the present, analysts say the choice is a crucial one. The wrong choice could likely bring serious losses and the right one impressive — and perhaps astounding — gains.

"The most important portfolio question for 1991 is whether market leadership will shift away from the stable growth stocks that have performed so well for most of the 1980s and toward stocks that are more sensitive to the pace of the economy, said Byron R. Wien, market strategist at Morgan Stanley & Co., in a recent report.

The case for sticking with growth stocks rests largely on expectations for the Federal Reserve's credit policies. Growth stock advocates say the U.S. central bank will be forced by continued weakness in the economy to drive interest rates down further in the months immediately ahead.


Markets as a Measure of Recovery/Recession

Stock prices, profits and bonds yields 1964-1990

Source: Standard & Poor's; Survey of current business, U.S. Commerce Dept.

Growth stocks with above-average earnings tend to perform well in times of declining interest rates because their stable earnings yield looks increasingly attractive compared with declining bond yields.

Cyclical stocks, on the other hand, perform terribly during economic downturns but tend to soar on the first hint of economic recovery. Amid hopes for rising demands for credit, building materials and other items upon which economic expansions are built, cyclical stocks can bring investors returns two, three or even four times higher than could be achieved in conservative growth stocks.

The market's action since January clearly suggests that many investors sense that a recovery is in the wind. Bank stocks are up 24 percent, building materials 21 percent while homebuilding company shares have soared by 29 percent.

The problem is, if the recovery doesn't materialize, these stocks could tend to fall apart overnight.

"The risk with bank stocks at the moment is enormous," said Hugh Johnson, analyst at First Albany Corp. With some bank issues already up more than 50 percent from their late-1990 lows, "a late recovery would pull the rug out" from beneath many issues.

The difficulty with the current environment, Mr. Johnson said, is that economically, the case for either growth stocks or cyclical stocks has not yet been decisively made.

"We are right in the transition period," Mr. Johnson said. "We are seeing some signs of recovery at the moment but they are all very faint." Such signs, he said, include a surprise increase in both housing starts and building permits in February — both suggesting that the devastated U.S. housing market is starting to bounce back.

For the moment, however, Mr. Johnson suggests sticking with big company growth stocks, both only those who remain reasonably priced.

Classic growth issues such as Philip Morris Cos., Coca-Cola Co. and Gillette Co. are all overpriced at the moment, Mr. Johnson said. Investors would do better with more reasonably priced growth issues like American Home Products, Browning-Ferris and General Electric Co.

Laszlo Birinyi, a veteran U.S. stockmarket watcher who now runs his own adivsory firm here also urged investors to stick with reasonably priced growth issues until the economic outlook clears, but to dump issues that have already made substantial gains.

"It's a good time to weed the garden," Mr. Birinyi said. "Pull out issues that have done extremely well since January."

THIS is especially true now, analysts say, because the market is gearing itself up for the release of first-quarter earnings in a few weeks. Many stocks that have soared on little else but Gulf war euphoria and economic recovery expectations could fall sharply when poor earnings bring investors back to reality.

According to Zachs Investment Research, which compiles consensus earnings forecasts of Wall Street analysts, first-quarter earnings for the 500 companies in the Standard & Poor's 500 stock index are expected to decline by about 6 percent.

Bank stocks could also take a tumble, analysts said, if first-quarter results reveal a sharper-than-expected rise in non-performing loans. Most big U.S. banks are expected to report lower first quarter profit, with the exception of J.P. Morgan & Co. and BankAmerica Corp.

Consequently, most analysts urge caution in the period immediately ahead, with a strong emphasis on reasonably priced, bit-company growth stocks. But investors need to be acutely attuned to signs of economic recovery and be ready to shift in to cyclicals when the economy takes a decisive turn upward.

Said Mr. Wien of Morgan Stanley: "There will be days when the market seems tired or even dangerous, but if you pick your stocks carefully, I think there is still good money to be made this year."

J.J. DUFFY is a financial journalist based in New York.

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INTERNATIONAL FUNDS

March 29, 1991

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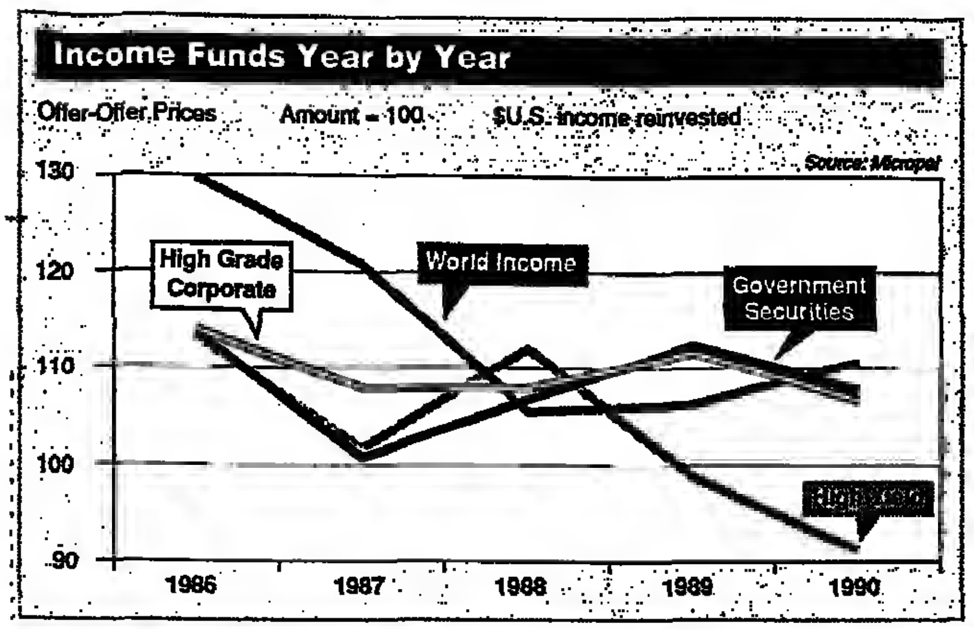
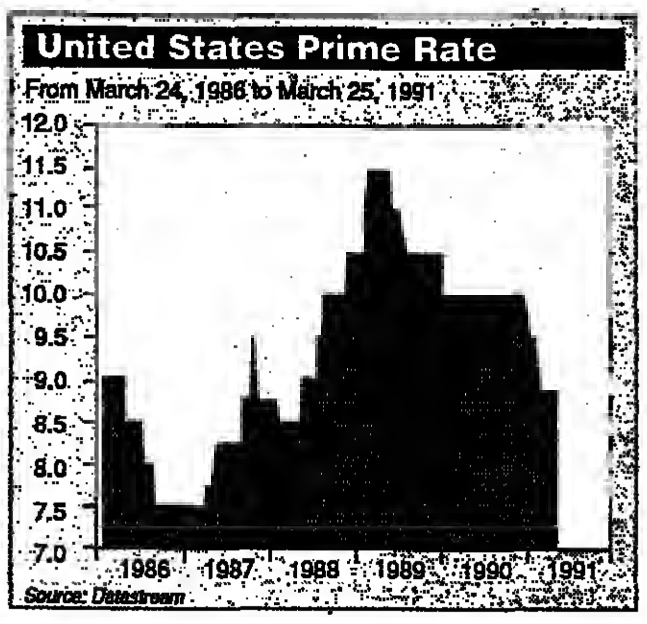
THE MONEY REPORT





Income Funds

Leading Funds by sector. Since Jan. 1, 1988

Government Securities	
Benham Target Matur 2010	148.02
Benham Target Matur 2005	146.50
Benham Target Matur 2000	142.50
Benham Target Matur 2015	141.56
Scudder Zero Coupon 2000	141.01
Scudder Zero Coupon 1995	139.61
Freedom Government Income	138.21
Wright Current Income	138.19
FPA New Income	137.65
Connecticut Gov't Sec	137.38

High Yield Bonds	
Plymouth High Yield	144.96
Champion High Yield-USA	140.87
Dreyfus Strategic Income	136.63
Midamerica High Yield Fd	135.51
Financial Bd-Select Inc	131.17
Bartlett Fixed Income Fd	130.77
Merrill Lynch Cp Hi Inc-A	127.91
Federated Floating Rate	127.11
Oppenheimer High Yield	126.34
Federated High Income	124.61

High Quality Bonds	
Sei Bond Portfolio	140.18
Wasatch Income Fund	139.37
UST Master Managed Income	138.85
Vanguard Fx Inc-Inv Grade	137.03
General Electric S&S Long	136.30
Columbia Fixed Income	135.43
Winthrop Focus-Fixed Inc	135.43
Scudder Short Term Bond	135.36
Mutual Omaha Interest Sh	135.21
Bfun Income Fund	135.06

World Income Bonds	
Van Eck World Income Fund	146.45
Putnam Global Gov't Income	144.75
Freedom Global Income	139.82
Paine Webber Mstr Global	138.95
Mass Financial Intl Tr Bd	130.71
Templeton Income Fund	129.03
Fidelity Global Bond	128.16
Merrill Lynch Ret/Glob-B	127.97
Franklin Tx Advtg-Intl Bd	126.93
Capital World Bond Fund	121.68

Source: Micropal

Hedging Comes to the Aid of World Income Funds

By Conrad de Aenlle

FOREIGN bond funds became an overnight sensation last year, as the sinking dollar and a miserable stock market helped them to outperform all other categories of American mutual funds.

Then times changed. The dollar ran up about 15 percent against major foreign currencies in just two months, retracing all of the drop of last year, stocks rose out of sight, and the fund-buying public began to find out that last year's star can be this year's has-been. Analysts have begun telling investors that there may be better places to park their money than foreign bonds.

World income funds, as they are known, gained 10.63 percent on average in 1990, according to figures provided by Micropal, a research firm that compiles mutual fund statistics. That was far better than other American bond sectors. Government bond funds rose 7.78 percent last year, high-grade American corporates were up 6.72 percent and high-yield bond funds took a dive of 8.73 percent. The average equity fund was no place to be, either, with a drop of more than five percent.

The world income sector started out just fine this year, with solid gains in January and February. Then the dollar went into orbit and sent the funds in the other direction. Through March 22, the group was showing a thin gain of 1.08 percent.

Other sectors were doing better, some much better. U.S. government bond funds, for instance, were up 1.16 percent, according to Micropal's figures, and American corporate bond funds showed an increase of 1.90 percent. High-yield bond funds, atoning for past sins, rose 11.56 percent, while many stock funds have returned more than 10 percent.

"These funds are fairly erratic, depending on where the dollar is," Sheldon Jacobs, editor of the No-Load Fund Investor advisory newsletter, said of the world income sector.

Managers of these funds may hang on every turn of the dollar, but they are not totally at its mercy. Of the 42 funds in the group that Micropal tracks, only three are so-called international funds. These invest solely in bonds issued in foreign currencies, but they can also go into the futures and options markets to hedge against a rising dollar. All the others, called global funds, may invest in dollar-denominated bonds.

The Van Eck World Income Fund has been doing just that. Klaus Buescher, the fund's manager, said that late last year he expected the dollar to go on a run that would take it up five or six percent. He used much of the new money investors were putting into the fund to buy U.S. bonds. It was a good idea, but he underestimated the move and his timing was a little off, he conceded.

"I thought the U.S. would win the Gulf war and be stronger at home, so I moved into the dollar too early," be said.

Mr. Buescher's fund was one of the best performers in its class for the three years through 1990, rising 44.8 percent, compared with the sector average of 27.92 percent. It increased by a healthy 16.7 percent last year, but returns this year are being eroded by the rising dollar. He said in mid-March that the fund was "very modestly up about one percent so far this year."

Sixty-five percent of the portfolio's assets are in U.S. bonds. It is vital, he said, that a world income fund manager "be able to go into dollar bonds to hedge against currency movements."

It wasn't too important to do that last year. The global sector returned a very respectable 9.94 percent, but the three international bond funds that Micropal tracks rose a spectacular 18.41 percent. So far in 1991, though, the trend has reversed. Global funds have risen 1.22 percent, but the international funds are struggling, with a loss of 0.66 percent. They have come this way before.

The oldest international bond fund is T. Rowe Price International Trust-Bond. In its first full year, 1987, when interest rates and the dollar fell, it gained 28.11 percent. The next year rates and the dollar rose and the fund lost 1.26 percent.

The year after that the dollar fell, which should have been good news for the fund. The problem was that interest rates continued to climb, and did so with a vengeance — they were up three points in West Germany. The fund had its worst year, losing 3.19 percent. Last year everything went right and the fund gained 16.06 percent.

As Mr. Buescher noted, managing a world income fund requires "getting the currencies right and getting interest rate developments right on a worldwide basis."

Just as he is doing at Van Eck, global fund managers as a group have been boosting the percentage of assets they keep in dollar-denominated bonds, now that the currency is on the way up, said Ken Weber, who edits the Weber's Fund Advisor investment newsletter.

Hedging has helped the funds to stay above break-even this year, but not enough to let them match the performance shown by other types of bond funds.

"They've been lagging somewhat," Mr. Jacobs said. "None of them have done all that well this year. Depending on the dollar, I don't think they're going to do as well this year."

Charlie Hooper, editor of the Mutual Fund Strategist newsletter, concurred: "Year to date, they're not setting any records, that's for sure. If the dollar continues strong, I would think that it would not be a good investment."

Mr. Buescher said he is anticipating further strength in the currency. "I think the dollar is going to rise somewhat more. Only if the U.S. recovery is somewhat feeble will it fall back." In that case, he expects interest rates to plunge, helping his cause.

If the dollar continues to bolt higher, it will surely trim the value of his fund's foreign bonds, but he is counting on a strong American economy to buoy U.S. interest rates. He thinks it will be a different story in Europe, with weak economies there pushing down rates and sending bond prices higher. That would give his fund capital gains to offset the losses from currency translation and keep it in the race against U.S. bond funds.

Mr. Weber agreed that the dollar's future hinges on that of the American economy: "If it looks like the U.S. economy is going to rebound, the dollar ought to keep going up." He agreed with Mr. Buescher that "this is the beginning of a slowdown in the European economy, compared to what people thought."

Mr. Weber had been quite high on global bond funds because they "give you an extra boost when the dollar goes down." Now that it's going the other way, he's having doubts.

One of his favorite funds is Fidelity Global Bond, which has been part of his model portfolio for clients who seek a minimum of risk and who are not prone to hop into and out of funds as if they were streetcars. If the dollar keeps going up over the next several weeks, he said, he will urge his subscribers to put their money elsewhere.

There is a new kind of fund that he strongly urges his readers to avoid — short-term world income funds. He said that managers of this kind of fund, which invests not in bonds but in short-term foreign treasury instruments and bank certificates of deposit, claim to give shareholders the safety of U.S. money market funds with the high yields of foreign government paper.

"These funds came out of nowhere," he said, and have built up assets of $10 billion. "Brokers imply they're safer than I think they really are. We don't know how well they'll do in a period of a rising dollar."

Mr. Weber cautioned that no fund was worth owning through all kinds of financial climate: "I am very much a nonbeliever in buy and hold. There is no fund for all time."

He was able, nonetheless, to pick a balanced portfolio of bond funds that should let investors rest easy for quite a while, if not forever. In addition to Fidelity Global Bond, be likes Vanguard's short-term portfolio and the Value-Line Convertible fund, which he said has a high yield and could be counted on for long-term growth.

Expounding a Few Theories On Value Investing in Stocks

By David C. Lanchner

JUST when is a share good value? How can you tell a when a stock is a bargain? The theory runs that if you can see smarter pricing criteria than the markets you will win out as surely as the eagle-eyed art connoisseur who spots a Rembrandt in a junk shop.

That at least is the theory. However, the credibility of so-called "value" investors was bruised in the soaring bull market of the the 1980s, and again last year. Followers of the classic stock picking style trailed market averages badly.

But this year the managers of many top value funds are outstripping market indexes as well as the average fund manager.

There is no index for value stocks or value funds. Yet well-known portfolios that seek cheap shares such as the Windsor Fund, Babson Value Trust, Salomon Bothers Opportunity Fund and Southeastern Asset Management have out distanced the S&P 500 and other broad market gauges by 17 to 26 percent since the bull market began in October.

"It has definitely been a good time for value investors," says John Neff, the portfolio manager of the $7.5 billion Windsor Fund, the second largest stock mutual fund in the U.S. "To some extent we have been vindicated," he says.

As the great bull market of the 1980s became increasingly speculative, investment strategies that measured the relative cheapness of stocks fell out of favor. What often mattered most was whether a company could be spun off into separate businesses, streamlined or otherwise radically transformed.

According to conventional logic, in a bear market such as last year's, value investors should have staged a comeback. With the stock market taking a broad hit, the only shares likely to outperform would be those already selling cheaply. But at the end of 1989, the cheap stocks proved to be banks, insurance companies and brokerage firms — companies hurt badly in 1990 by unexpectedly severe collapses in the real estate and junk bond markets.

Using three- and five-year measurements, many of the best value funds trail the S&P 500 and the average mutual fund. But when records are stretched back 10 or 20 years, roles are reversed and value funds show stonger gains than most indexes and funds. Over the past 10 years the Windsor Fund — a common performance benchmark for value investors — has appreciated 330 percent versus the average mutual fund's return of 203 percent and the S&P's 500's gain of 268 percent.

SUCH performance is used to back up claims that over the long haul "value investing is the best strategy an investor can follow."

But what is "value," other than a marketing term? Various theories have evolved.

Value investing was developed by two Columbia University bussiness professors, Benjamin Graham and David Dodd, as a method for analyzing the intrinsic worth of companies in the wake of the 1929 crash. The bible for value investors is their classic 1934 treatise titled "Security Analysis," published by McGraw-Hill.

- **Price/earnings multiple** — This is the chief tool of the value investor. It measures the annual earning power of a company relative to its stock price. The higher the multiple, the more people are paying for a company's growth prospects. The multiple is arrived at by dividing the current stock price either by last year's earnings per share or by next year's earnings per share. In either case, value investors usually target firms trading at least 20 percent below the average S&P 500 multiple.
- **Dividend yield** — This measures the relative size of the annual dividend or payout investors receive versus the current stock price.

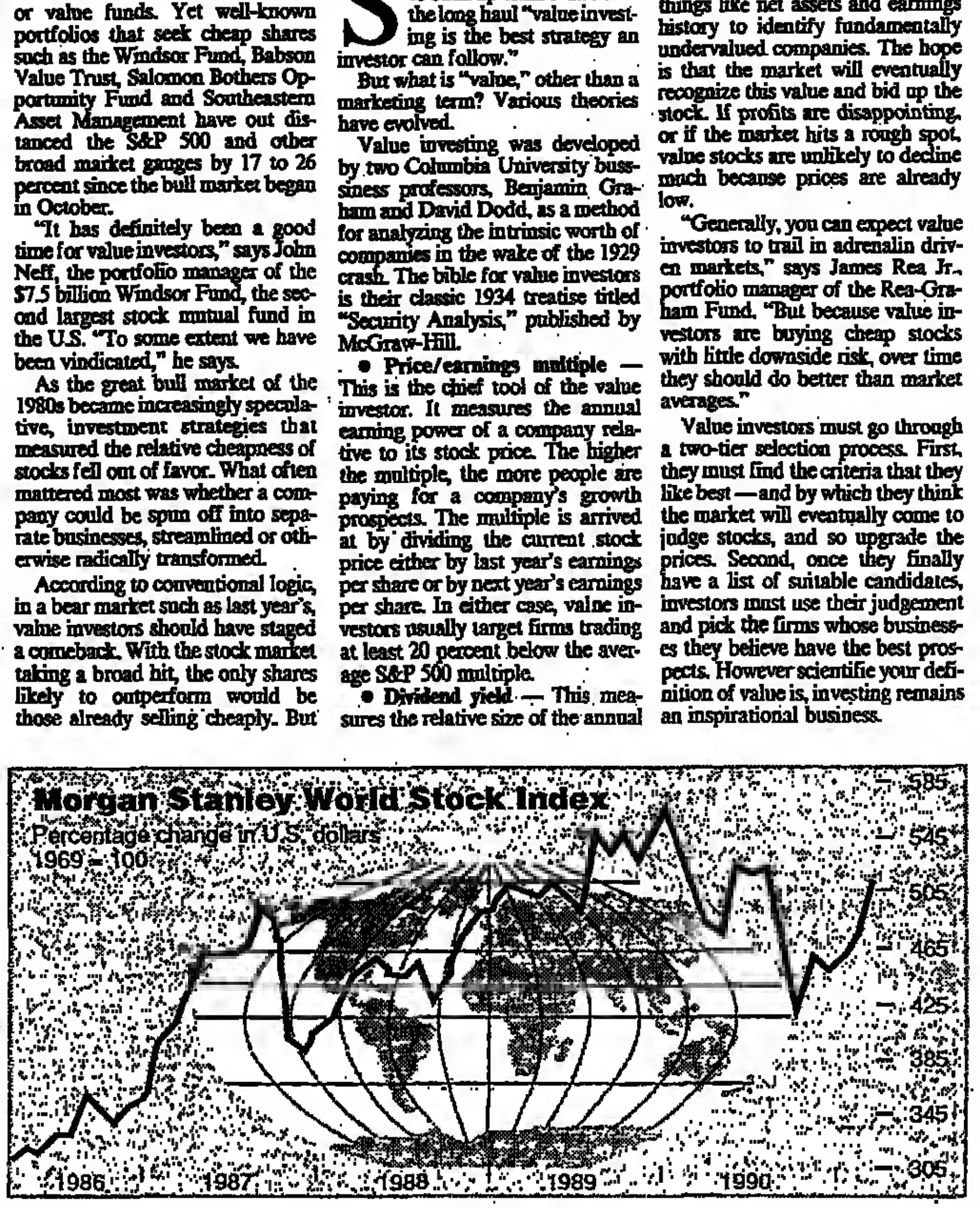
Dividend yield, which is found in the financial pages of newspapers along with the p/e multiple, is expressed as a percent of the current stock price. The higher the dividend payment is relative to the stock price the better.

- **Price-to-book ratio** — This measures the value of the company's assets versus the current stock price. It is determined by dividing the current stock price by a company's total value per share (assets minus debts). This can be calculated from financial statements found in annual reports, although brokers should be able to quote it. It gives an indication of a company's value if it is liquidated.

Nick Whitridge, manager of the Babson Value Trust focuses on things like net assets and earnings history to identify fundamentally undervalued companies. The hope is that the market will eventually recognize this value and bid up the stock. If profits are disappointing, or if the market hits a rough spot, value stocks are unlikely to decline much because prices are already low.

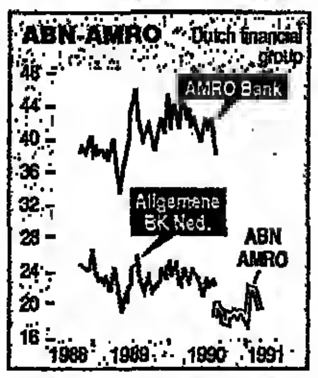
"Generally, you can expect value investors to trail in adrenalin driven markets," says James Rea Jr., portfolio manager of the Rea-Graham Fund. "But because value investors are buying cheap stocks with little downside risk, over time they should do better than market averages."

Value investors must go through a two-tier selection process. First, they must find the criteria that they like best — and by which they think the market will eventually come to judge stocks, and so upgrade the prices. Second, once they finally have a list of suitable candidates, investors must use their judgement and pick the firms whose businesses they believe have the best prospects. However scientifie your definition of value is, investing remains an inspirational business.

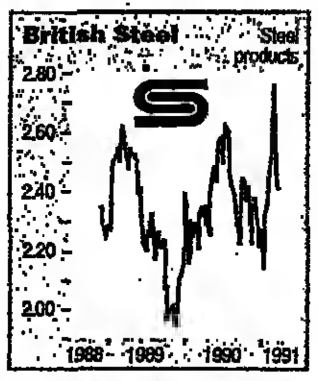


All Stock Prices in U.S. dollars

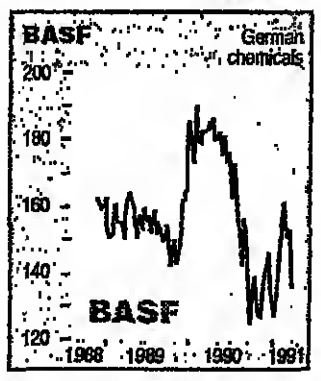
Source: Datastream



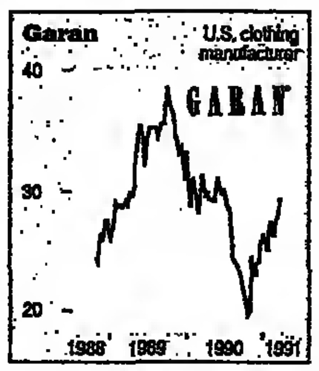
Analysts estimate assets are worth more than the current share price of about 38 guilders.



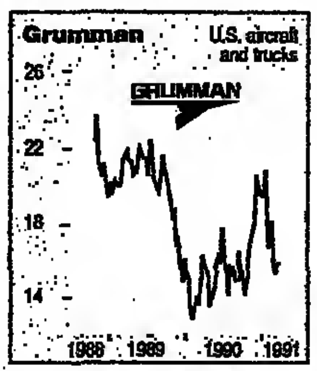
This blue chip recently sold for only 5.8 times annual earnings — a rare p/e ratio in the U.K.



Accounting rules make it difficult to judge German stocks using the chief yardstick of value, earnings per share. But on the basis of dividend yield, analysts rate BASF, this major chemicals producer with sidelines in raw materials, energy, plastics and dyes, as a good buy. The annual dividend recently amounted to 8.7 percent of a per share price of 228 Deutsche marks.



At $26 recently, it offers a dividend yield of 7.5 percent, against the U.S. average of about 3.4.



Assets per share are said to be worth about double the company's stock price of about $14.50.

BRIEFCASE

Vanguard Says Performance Is Not Likely to Be Sustained

The Vanguard Group, one of America's biggest mutual fund families, issued a health-care warning last week, but it had nothing to do with dread disease.

After seeing $76 million in cash pour into its Health Care Portfolio in just three months, Vanguard warned its shareholders in a letter that its spectacular performance — the fund was recently showing a gain of more than 40 percent over the year — might not be sustained.

Driven by high-flying biotechnology stocks, the health-care sector has been the top performing group of all mutual funds with a total return of more than 54 percent over the year, according to Lipper Analytical Services. A typical mutual fund has returned 11.5 percent for the same period.

Vanguard says "experience has shown that such periods of superior performance by an industry group do not continue indefinitely. Indeed, periods of outperformance are often followed by periods of underperformance."

The letter also reminds investors of the dangers of concentrating in just one sector of the stock market: "Simply put, the risk of loss is greater."

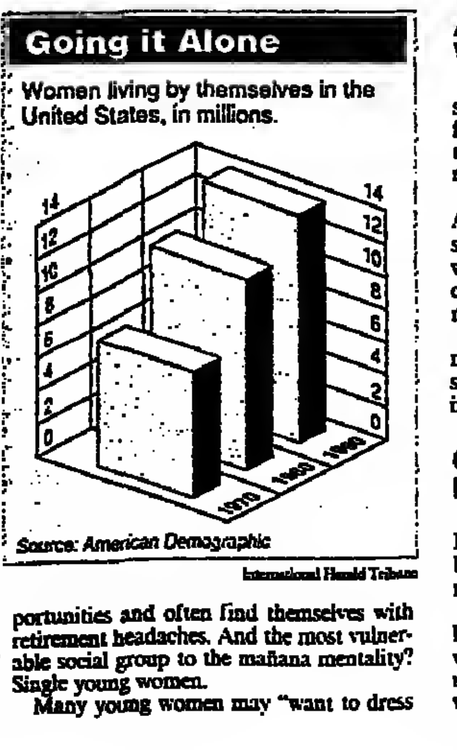
Single Young Women Held Prone to Mañana Investing

Procrastination is the thief of more than just time — it can hit your wealth too.

People who postpone financial planning will almost inevitably miss investment opportunities and often find themselves with retirement headaches. And the most vulnerable social group to the mañana mentality? Single young women.

Many young women may "want to dress well, eat well, take nice vacations. Then they think: 'Hopefully, I'll marry well and that will take care of everything else,' " said Robin S. Isoke, a specialist financial planner for the wealthy at TAG Associates in New York City.

"Getting married is a big part of their life and a big goal," agreed Esther M. Berger, vice president at PaineWebber Inc. in Beverly Hills, California, who specializes in financial planning for women. "These women have not opted not to marry; they just have not married yet. They are not at peace with it."



Women living by themselves in the United States, in millions.

Source: American Demographic

International Herald Tribune

New Orion Fund in Bermuda Aims at the Non-U.S. Citizen

A new offshore fund in Bermmuda, Orion Fund, offers stock arbitraging investment opportunuties to non-U.S. citizens. The arbitrage method exploits the differences in prices of companies involved in mergers, tenders, or exchange offers. Investments can be in regular shares, company bonds, warrants, or preferred (that is, usually high-yielding) stock.

The fund may also invest in companies involved in restructuring, re-organization, liquidation or bankruptcy. Up to 30 percent of the fund may be commited to potential capital appreciation outside the U.S. Orion will not distribute capital gains annually, and investors benefit from gross income dividends, as Bermuda does not impose withholding taxes.

The fund managers, Heine Securities, already run $4 billion in funds in the U.S.

Amex Travel Issues 'Just Go' With Bargains to Do Just That

Whether the postwar period is really any safer for travelers than times of actual conflict is a debatable issue. But it seems as though people feel safer: travel bookings round the world have certainly picked up.

A further boost to that trend comes from American Express, which is publishing a special edition of its travel magazine with what the company claims are over 300 special offers on airline fares, accomodation, car rental and retail shop purchases.

Unambiguously titled "Just Go," the magazine comes in 11 languages and is being sent to nearly three million Amex customers in nine European countries.

Good News for Travelers: Plastic Spreading in Europe

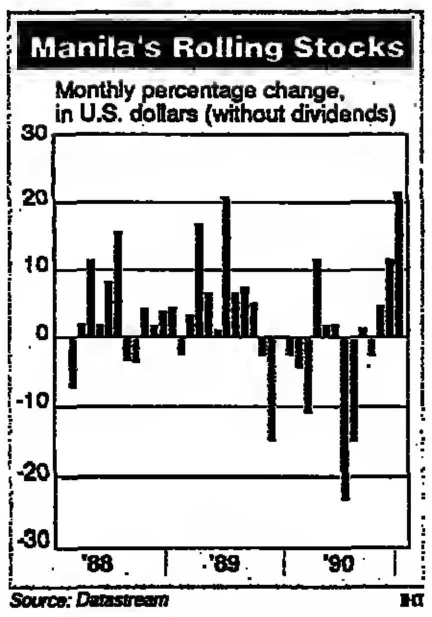
Plastic card use is on the increase in France, where 500,000 businesses took 380 billion francs in Visa and MasterCard payments last year.

That's good news for travelers, who will know how different money is around the world. In the U.S. personal checks are not usually viable outside the bank's home state, whereas in France or Britain they are accepted nationwide. In Europe, travelers checks are less widely accepted than in the U.S., and cards are still only beginning to make inroads in some countries.

More plastic, as a universally accepted currency, can only make life easier for travelers.

Manila Market Races Ahead On News of Offshore Oil Find

The Manila stock market has raced ahead this year — it rose 21 percent in February, and was 39 percent up to the middle of the month. Analysts cite President Cory Aquino's decision to run for a second term, the discovery of oil in the offshore Linapacan field, plus the end of the Gulf war as contributory factors to the market optimism.



Source: Datastream IHT

The First Philippines Fund, listed on the New York Stock Exchange, has lagged behind the prolific performance of the Filipinomarket index. That's because the fund is only 50 percent invested in Manila stocks — although that is double the equity exposure of six months ago.

That cautious attitude is easily understandable in the light of the fund's investment history: the fund was created late in 1989, rose sharply to a 70 percent premium over net asset value, then fell back 32 percent in a week after a coup attempt.

The main holdings in the fund are Philippine Long Distance Telephone, Jardine Davies, Ayala, Sime Darby Philipines, and San Miguel. Finance and telecommunications companies are overweighted, compared to the Manila index, while food and mining are reltively underweighted.

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SPORTS

Adios Amigo, Adios Fernando-Mania

By George Vecsey
New York Times Service

NEW YORK — In the clubhouse, where all the players have nicknames, the Dodgers called him Freddie, to Anglicize his given name.

But the public knew him as Fernando, as in Fernando-mania, a phenomenon that struck Southern California in September 1980 and escalated in the season of 1981.

It was the baseball version of selling one's soul to the devil. For 10 full major league seasons, Fernando Valenzuela wrenched his arm in the opposite direction to throw the hellish pitch known as the screwball.

On Thursday, his pitch of choice caught up with him. The Los Angeles Dodgers released him at the age of 31 before they had to make good on his 1991 salary of $2.55 million. If that sounds familiar, it should.

Vantage Point

The same thing happened to Bo Jackson last week when the Kansas City Royals did not think Jackson's injured hip would allow him to drive a baseball this season. Today's multimillion-dollar salaries permit even less margin for sentiment than in the past.

FERNANDO Valenzuela's homely mug was never exploited by the hucksters the way Bo Jackson's face was. But Fernando was bigger, better, longer and even more fun than Bo.

In all the years of baseball, there was never quite a time like that of Fernando-mania, when the poor youth from Mexico suddenly materialized.

He was portly and ungainly, and he began every sentence with "Bueno," just as shy American athletes begin every sentence with "Well."

Even Mexican-Americans conceded that he would win no beauty contests. But he was beautiful. Some people saw Babe Ruth in him. He could pitch. He could hit. He could field his position. And he could run, even with that belly and that rump.

The Dodgers brought him up late in the 1980 pennant race and he did not give up a run in 10 games.

Tommy Lasorda, who looked grim Thursday when he spoke of "the honor and the privilege" of managing Fernando, will admit that he blew the 1980 playoff with Houston by not having the guts to pitch the 19-year-old phenom.

BUT Lasorda learned his lesson by 1981, starting Fernando on opening day and using him as often as he could. Fernando-mania was in full session.

Lasorda, who spoke colloquial Spanish from his years in the winter leagues, made the new man feel at home with a quick quip. And Southern California adopted the 12th child of humble farmers from Etchohuaquila in the state of Sonora.

There are men and women who look like Fernando Valenzuela standing on busy street corners all over Southern California, wearing straw hats and selling oranges and grapes off trucks for low prices. There are women who work hard to clean motel rooms and smile when thanked in their own language. And of course, in Southern California, there are lawyers and doctors and teachers of Mexican ancestry.

AP

Valenzuela's Statistics

Year	Team	ip	w-l	bb	so	era
1980	LA	17.2	2-0	5	16	0.00
1981	LA	192.1	13-7	61	180	2.48
1982	LA	285.0	19-13	83	199	2.87
1983	LA	257.0	15-10	99	189	3.75
1984	LA	261.0	12-17	106	240	3.03
1985	LA	272.1	17-10	101	208	2.45
1986	LA	269.1	21-11	85	242	3.14
1987	LA	251.0	14-14	124	190	3.98
1988	LA	142.1	5-8	76	64	4.24
1989	LA	196.2	10-13	98	116	3.43
1990	LA	204.0	13-13	77	115	4.59
Totals		2348.2	141-116	915	1759	3.31

Division Championship Series

Year	Opp	ip	w-l	bb	so	era
1981	Hou	17.0	1-0	3	10	1.06

League Championship Series

Year	Opp	ip	w-l	bb	so	era
1981	Mon	15.0	1-1	5	10	2.40
1983	Phi	8.0	1-0	4	5	1.13
1985	StL	14.1	1-0	10	13	1.88
1988	NYM	did not play				
Totals		37.1	3-1	19	28	1.93

World Series

Year	Opp	ip	w-l	bb	so	era
1981	NYY	9.0	1-0	7	4	4.00
1988	Oak	did not play				

Every one of them now had a hero in the burly, quiet, polite youth from Navajoa. When he pitched at the palace the O'Malley family had built in Chavez Ravine, the attendance rose by an average of 9,000 tickets.

When the Dodgers went on the road in that first manic spring, the pitcher had his personal interpreter, a Dodger Spanish-language broadcaster named Jaime Jarrin, who would help at the news conferences.

THE Dodger players did not need Jarrin's good services. They had body language. Freddie and Bob Welch had a contest to see who could shove whom out of the most elevator doors at the wrong floor.

In 1981, the youngster won 13 games, lost 7, and the Dodgers won the World Series, and Fernando became the first pitcher to win the Rookie of the Year and Cy Young Awards in the same year.

Freddie was the key Dodger from the era of Garvey to the era of Hershiser. He gave them confidence with that bizarre motion, the eyes raised to the heavens, then the sudden downward thrust, the screwball breaking away from a right-handed batter, inward to a left-handed batter, which is why they call it a screwball.

He was a husband and a father and he could conduct interviews in decent English when the arm began to look tired in 1986, while he won 21 games.

People always said he looked older than his years, but it was his left arm that aged most rapidly. Last year his record was 13-13, including a no-hitter, but his earned run average was 4.59.

In his major league career, Fernando Valenzuela has won 141 and lost 116. Lasorda said, "I will never forget Fernando and all he has done for me and the Los Angeles Dodgers." The manager praised him as "a great talent and a great competitor" and said, "I want to thank him for all the memories."

Now they are all memories. On Thursday, the Los Angeles Dodgers cut Fernando Valenzuela and his $2.55 million salary. Fernando-mania is history.

In Dodgers' Camp, Teammates 'Struck Dumb' by Release

The Associated Press

VERO BEACH, Florida — The release of Fernando Valenzuela left his Los Angeles teammates in shock as they contemplated life without the veteran left-hander.

"I'm just struck dumb by this," said the right-handed reliever Tim Crews after the Dodgers announced Thursday that they had placed Valenzuela on waivers, giving him his unconditional release. "I just don't understand this. I'm not even going to try."

Crews's comments were typical of those in the Dodger clubhouse as Valenzuela lost a battle for the job as the fifth starting pitcher to the right-hander Mike Morgan.

"Of course, we're all shocked," said Orel Hershiser, the Dodgers' ace. "I think all of us pretty much thought Fernando had made the team."

For the first time in 11 seasons, Valenzuela will not be in a Dodger uniform.

He will now go through a 72-hour waiver period, during which he can be claimed by any team. If no team claims him, he becomes a free agent able to make his own deal with any club.

Valenzuela's agent, Tony DeMarco, hinted that the decision was not altogether unexpected, in light of the Dodgers' abundance of starting pitchers this spring.

Many of his teammates do not feel that Valenzuela's pitching days are over.

"This is not good news," said Ramon Martinez, who was 20-6 last season and finished second in the National League Cy Young Award voting. "I know a lot of people are not going to feel good about this."

43-0 Victory In Baseball Is a Record

The Associated Press

FAYETTEVILLE, North Carolina — Methodist College turned strikes into hits and didn't stop until it set a National Collegiate Athletic Association record in a 43-0 victory over Maryville, Tennessee.

"We got on a roll," said Methodist College's coach, Sandy Davis, after the victory Thursday. "We sent 11 batters to the plate before an out was made."

The previous NCAA record was set by Virginia Tech in a 42-3 victory against King College.

Methodist had 34 hits off five Maryville pitchers. Freshman outfielder Brandon Bridgers led the way, going seven for seven.

■ Rangers Waive Incaviglia

The Texas Rangers on Friday placed outfielder Pete Incaviglia on irrevocable waivers, The Associated Press reported from Port Charlotte, Florida.

If not claimed by Wednesday, Incaviglia, 26, will be a free agent.

"I think my teammates are going to be very upset," Incaviglia said, adding that while he might not have the respect of the manager, Bobby Valentine, or the coaches, "I have the respect of my teammates."

In five years with the Rangers, his average was .248. This spring, Incaviglia was batting .231.

Elsewhere:

- Mike Marshall ended his two-day walkout and rejoined the Boston Red Sox on Friday, avoiding threatened $1,000 daily fines. Marshall had left issuing a "play me or trade me" demand.
- Bobby Bonilla's agent said the Pittsburgh Pirates' contract offer to the All-Star outfielder contained conditions not allowed by baseball's collective bargaining agreement.

Bonilla is seeking a five-year contract worth $20 million. Pittsburgh offered $16 million for four years and said it would give Bonilla the right to become a free agent after the 1992 season if he allowed the team to match the highest offer he received from other clubs.

"I called Gene Orza at the players' association and he said, 'That's not allowed,'" said agent Dennis Gilbert. "That's why we rejected it."

- Baltimore right-hander Ben McDonald had to be scratched from his scheduled start Thursday against Montreal after experiencing stiffness in his elbow. He is scheduled to start opening day.

Phil Coale/The Associated Press

Bob Tway shot a 7-under 65 to take the lead after the first round.

A Soft Day At Players: 36 Break 70

By Jaime Diaz
New York Times Service

PONTE VEDRA, Florida — Near-perfect conditions led to record low scoring in the first round of the Players Championship golf tournament.

Bob Tway led the assault on the TPC Stadium Course with a bogey-free 7-under-par 65. One shot back were Bob Eastwood, Russ Cochran, Peter Persons and Steve Elkington. Five golfers, including Paul Azinger, shot 67s.

All told, 36 players broke 70 over the 6,896-yard track on Thursday, shattering the previous first-round record of 27 scores under 70.

Most players attributed the low scoring to lack of wind and soft, smooth greens. Last year, the greens were widely criticized for being too firm and bumpy.

But while much of the field of 144 players was having its way, the top guns from a foreign contingent continued a history of struggle amid the steep artificial mounds, severe bunkers and water hazards.

The low scorers among them, at 70, were Mark McNulty of Zimbabwe and Bernhard Langer of Germany. At 72 were Nick Faldo of England, the defending Masters and British Open champion; Ian Woosnam of Wales; Sandy Lyle of Scotland, and Severiano Ballesteros of Spain.

"I didn't feel like the world's No. 1 golfer today," Faldo said.

Mexico Leads U.S., 1-0, in Davis Cup

Compiled by Our Staff From Dispatches

Mexico handed the United States a surprising early setback in its defense of the Davis Cup on Friday when Luis Enrique Herrera downed Jim Courier in the opening singles of their first-round encounter in Mexico City.

Herrera, ranked 99th in the world, lost to Courier, ranked ninth, last week in Florida, but on Friday he cooled off the hottest player on the tour, 6-4, 2-6, 7-5, 6-4.

In the other World Group first-round match, France got off to a 2-0 lead over Israel. In a quarterfinal contest, Yugoslavia and Czechoslovakia tied, 1-1.

Henri Leconte and Guy Forget both labored to difficult four-set victories to take France to a 2-0 lead. Leconte had to fight his way through two tiebreaks to beat Amos Mansdorf, 6-3, 7-6 (7-3), 3-6, 7-6 (7-4). Forget, ranked fourth in the world, was extended much more than expected by Gilad Bloom, 65 places further down the computer rankings, finally winning 6-4, 6-7, 6-2, 6-4.

In Prague, Goran Ivanisevic of Yugoslavia, ranked seventh by the ATP, defeated Petr Korda, 6-1, 7-6 (7-3), 4-6, 6-2. In the second match, Czechoslovakia's No. 1 player, Karel Novacek, defeated Slobodan Zivojinovic, 6-1, 4-6, 6-4, 6-5.

(Reuters, AP)

Davis Cup

WORLD GROUP
First Round
Mexico 1, United States 0
Luis Enrique Herrera, Mexico, def. Jim Courier, United States, 6-4, 2-6, 7-5, 6-4.
France 2, Israel 0
Henri Leconte, France, def. Amos Mansdorf, Israel, 6-3, 7-6 (7-3), 3-6, 7-6 (7-4).
Guy Forget, France, def. Gilad Bloom, Israel, 6-4, 6-7 (5-7), 6-2, 6-4.
Quarterfinal
Yugoslavia 1, Czechoslovakia 1
Goran Ivanisevic, Yugoslavia, def. Petr Korda, Czechoslovakia, 6-1, 7-6 (7-3), 3-6, 6-1.
Karel Novacek, Czechoslovakia, def. Slobodan Zivojinovic, Yugoslavia, 6-1, 4-6, 6-4, 7-5.
ASIA-OCEANIA ZONE, GROUP ONE
First Round
Philippines 2, Japan 0
Roland So, Philippines, def. Shuzo Matsuoka 7-5, 6-2, 6-2; Felix Barrientos, Philippines, def. Daijiro Furusho 6-3, 6-4, 6-4.
India 2, Indonesia 0
Leander Paes, India, def. Daniel Heryanto, Indonesia, 6-4, 6-3, 6-2; Ramesh Krishnan, India, def. Bonit Wiryawan, Indonesia, 6-2, 6-2, 6-4.

BOOKS

THE TOKAIDO ROAD: A Novel of Feudal Japan

By Lucia St. Clair Robson. 513 pages. $19.95. Ballantine Books, 201 East 50th Street, New York, N. Y. 10022.

Reviewed by
Christine Chapman

IF the lone cowboy is one of America's legendary heroes, then the *ronin*, the samurai whose master is dead or powerless, is Japan's. He comes from a colorful past, a time when the Tokugawa shoguns ruled by military might, having quelled the warring provincial chieftains, and kept the peace for more than 250 years. This period has been glorified in Japanese literature and on Kabuki stage and television screen because it brings into play the qualities Japanese most admire in themselves: loyalty, self-sacrifice, honor.

In "The Tokaido Road," Lucia St. Clair Robson has taken Japan's most famous story — the vendetta of the 47 ronin to avenge their master's death — and turned it into an adventure that in scope rivals James Clavell's historical novel "Shogun." She adds a contemporary twist: Her ronin is a woman, the beautiful young daughter of the samurai Lord Asano, skilled in the use of the women's sword, the six-foot naginata. Because of her father's cruel death — he was ordered to commit ritual suicide for drawing his sword in the shogun's court — Lady Asano begins a journey on the Tokaido Road to seek vengeance on the lord who provoked it.

Robson, who has written three historical novels about the American Indian ("Ride the Wind," "Walk in My Soul," "Light a Distant Fire"), re-creates the vigorous life of feudal Japan in this well-researched adventure tale.

The starting point is Edo (now Tokyo) in 1702, during the reign of the fifth Tokugawa shogun. The first scene is a brothel in the Yoshiwara district where the illegitimate daughter of the late Lord Asano must decide what to do with the body of her customer who has eaten poisonous fugu (blowfish) meant for her. Behind the paper screen, the raucous group-sex antics of other girls and their guests add a jolly tone of playfulness to the beginning of the story that never lets up. Cat, Lady Asano's courtesan name, is a tormented creature in a comic novel.

At 18, while everyone around her seems to live for pleasure or money, Cat has a mission: to survive her pursuers and to find her father's chief counselor to get his help in restoring honor to the Asano clan.

She dumps the body in a barrel of sake, disguises herself as a priest, and fights her way to him in enough adventures to keep a television series going for years.

The times interest Robson more than the plot, which like the kago or palanquin, in which Cat sometimes rides, is only a vehicle for the journey. The episodic plot is repetitive and tiring as Cat and her loyal followers — a peasant girl and a warrior — savage the opposition. There's so much blood-letting, so many ploys to elude suspicious barrier officials, so many escapes from hired killers and murderous ninja that we are eager to encounter the traveler who triumphs with craftiness to outwit his betters. Charming characters such as the Kabuki star Shichisaburo, the tattooed kago-bearer Viper, the love-bitten country girl Kasane and the virile samurai Hanshiro compel the reader to follow them to the end. Will the seemingly debauched 47 ronin avenge their lord? Will our heroine drop her sash for faithful Hanshiro? Will she hang up her sword and bear babies instead?

Using an educated ear for colloquial and literary Japanese, Robson delights us particularly with the language. She draws on classic Japanese literature, the poetry of Basho and the pilgrim priest Kobo Daishi, the writing of the "sword saint" Musashi, peasant homilies and aphorisms, and an inventive sexual vocabulary for dialogue that illustrates the Japanese love of wordplay. She revels in the language and reveals the Japanese as a poetic, witty people.

They should return the favor: translate the novel and adapt it as a movie or television drama.

Christine Chapman, a Tokyo-based writer who reports on books and the arts, wrote this for The Washington Post.

BRIDGE

By Alan Truscott

AN example of a paradoxical situation when a player is hoping that the cards will lie badly for him came in the Open Pair Championship at the American Contact Bridge League's Spring Nationals in Atlantic City.

South climbed six spades. The slam appears to hinge on the position of the Heart king. The three spade was forcing, hinting at a slam, and five clubs showed three key-cards, in this case two aces and the trump ace. When the diamond seven was led and the queen was taken by the ace, it was clear to declarer that the king was on his right. He drew trumps ending in the dummy, and now knew that he could make his slam irrespective of the position of the heart king. He led the diamond four from the dummy, putting East in a Morton's Fork situation. If he took the King, the dummy would eventually provide two discards for hearts.

East chose to duck, permitting South to win with the jack and throw his remaining diamond on the dummy's second club winner. A heart trick was lost but the slam was made. South was hoping that the heart king was on his right, as shown in the diagram. In practice it was on his left, and a simple finesse would have served as well as the sophisticated Morton's fork play, forcing East to spend his diamond winner or save it with similar results. However, the slam might have failed if the heart king had been in the East hand: West might have led a heart with decisive effect.

NORTH
♠K 6 5
♥A 5
♦10 8 4 2
♣A K 4 2

WEST
♠7 3 2
♥10 7 4 2
♦7 3
♣Q 10 7 3

EAST (D)
♠8
♥K 9 8 6
♦K Q 9 6
♣J 9 8 6

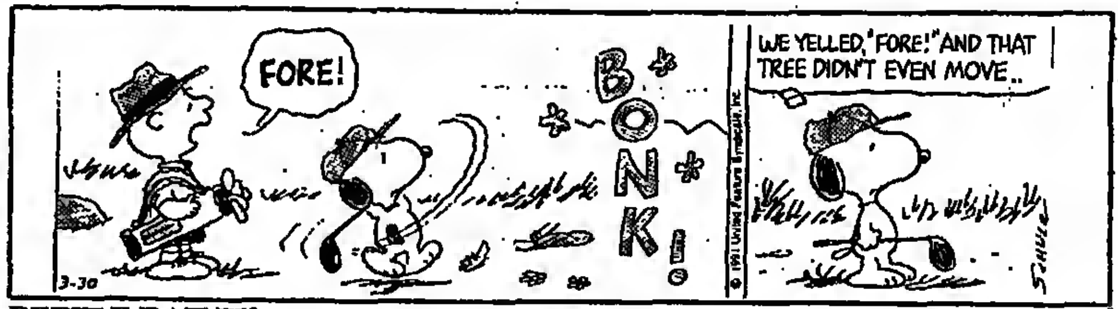
SOUTH
♠A Q J 10 9 4
♥Q J 3
♦A J 5
♣5

East and West were vulnerable.
The bidding:

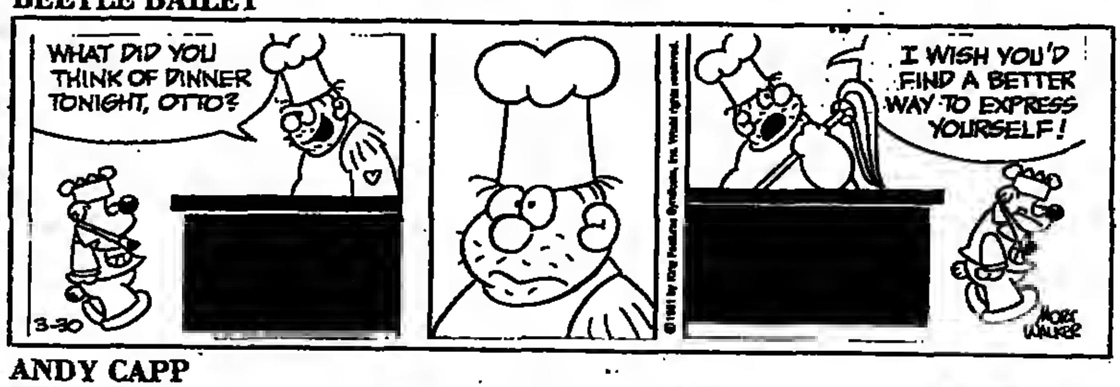
East	South	West	North
Pass	1♠	Pass	2♣
Pass	3♦	Pass	3♠
Pass	4♦	Pass	4♥
Pass	4N.T.	Pass	5♣
Pass	6♠	Pass	Pass
Pass			

West led the diamond seven.

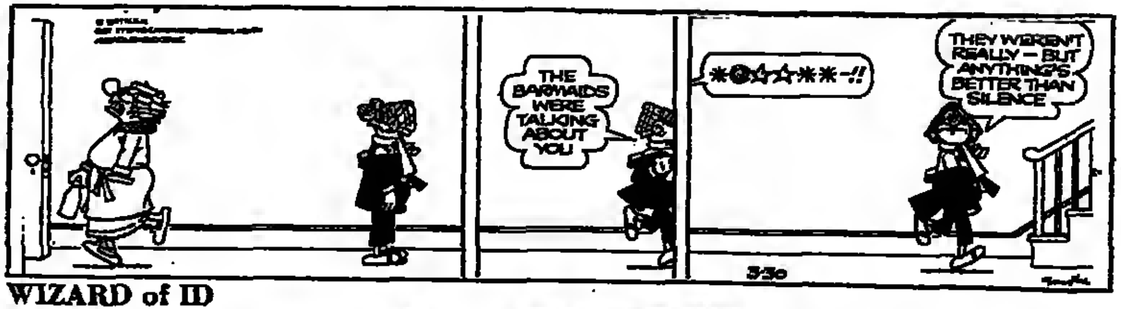
PEANUTS


FORE!
BONK!
WE YELLED, "FORE!" AND THAT TREE DIDN'T EVEN MOVE..
3-30
© 1991 United Feature Syndicate, Inc.
SCHULZ

BEETLE BAILEY


WHAT DID YOU THINK OF DINNER TONIGHT, OTTO?
I WISH YOU'D FIND A BETTER WAY TO EXPRESS YOURSELF!
3-30
MORT WALKER

ANDY CAPP


THE BARMAIDS WERE TALKING ABOUT YOU
*@☆☆**-!!
THEY WEREN'T REALLY — BUT ANYTHING'S BETTER THAN SILENCE
3-30

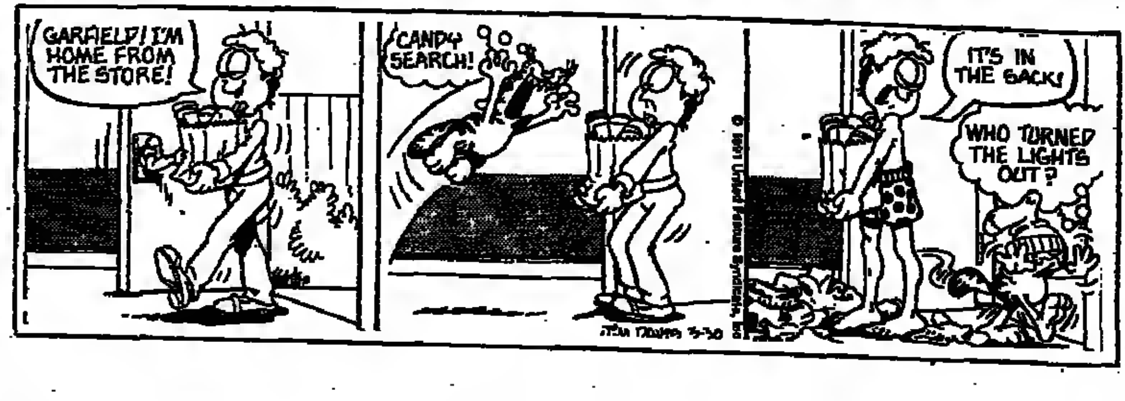
WIZARD of ID

YESSIR, PADRE.. THE CLERGY AND THE LEGAL PROFESSION HAVE A LOT IN COMMON
NOT REALLY...
WHY DO YOU SAY THAT?
I'M LIMITED TO TEN PERCENT
3-30
PARKER

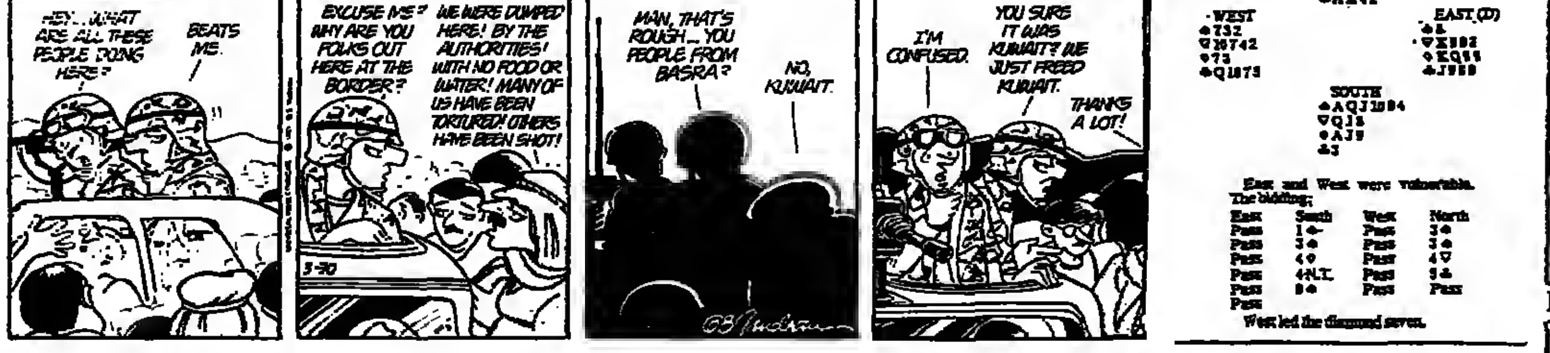
REX MORGAN

YOU'RE CRAZY, WILLARD! THOSE ALLIGATORS WILL NEVER PAY ME DOUBLE—LET ALONE BEG ME TO COME BACK TO WORK!
I'D BET MY COMMISSION ON IT, BABY! YOU JUST SMILE FOR THE CAMERAS— AND LET ME HANDLE IT!
TIME TO LEAVE! HOW ABOUT A LIFT?

GARFIELD


GARFIELD! I'M HOME FROM THE STORE!
CANDY SEARCH!
IT'S IN THE SACK!
WHO TURNED THE LIGHTS OUT?
JIM DAVIS 3-30
© 1991 United Feature Syndicate, Inc.

DOONESBURY


HEY.. WHAT ARE ALL THESE PEOPLE DOING HERE?
BEATS ME.
EXCUSE ME? WHY ARE YOU FOLKS OUT HERE AT THE BORDER?
WE WERE DUMPED HERE! BY THE AUTHORITIES! WITH NO FOOD OR WATER! MANY OF US HAVE BEEN TORTURED! OTHERS HAVE BEEN SHOT!
MAN, THAT'S ROUGH... YOU PEOPLE FROM BASRA?
NO, KUWAIT.
I'M CONFUSED.
YOU SURE IT WAS KUWAIT? WE JUST FREED KUWAIT.
THANKS A LOT!
3-30
GB Trudeau

DENNIS THE MENACE

"YOUR NOSE DOESN'T LOOK OUT OF JOINT TO ME, MR. WILSON."

JUMBLE THAT SCRAMBLED WORD GAME
by Henri Arnold and Bob Lee

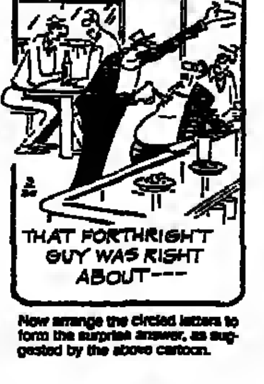
Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

TRAIE

DOUOT

LUMEFF

SHERTH


He's certainly outspoken
But I wonder whether he knows what he's talking about

THAT FORTHRIGHT GUY WAS RIGHT ABOUT—

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer: A ○○○○○○ OF THE ○○○○

(Answers Monday)

Yesterday's | Jumbles: CRACK SHAKY HUMBLE GIBLET
Answer: The only tranquilizer that has no side effects— LAUGHTER

BLONDIE

CAN I TALK TO YOU FOR A MINUTE, DAD?
WHAT'S YOUR PROBLEM, SON?
IT'S A GIRL.
YOU THINK GIRLS CAUSE PROBLEMS? HAH!
WAIT'LL YOU START DEALING WITH WOMEN!
3-30

صكنا من الاجل

Maradona Drug Test Reveals Cocaine

The Associated Press

ROME — The Italian soccer federation announced Friday that Argentine star Diego Maradona tested positive for cocaine use and that he will face disqualification.

The extent of the penalty will be decided by the disciplinary commission of the Italian league, expected to meet next week.

Penalties for drug use range from six months to two years under Italian soccer laws.

A spokesman for the Italian federation said that traces of cocaine and its metabolites were found in Maradona's urine samples following a second and final test made at the Acqua Acetosa center for sport medicine Friday.

Maradona is the captain of Argentina's national team.

The Italian newspaper La Repubblica reported Thursday that Maradona tested positive for a drug, which it did not identify, following Napoli's 1-0 victory over Bari on March 17. Maradona assisted on the game's goal.

■ 78 Arrested in Germany

Police arrested 78 hooligans as three policemen were badly injured when fighting broke out during a second division soccer match between Hanover 96 and Eintracht Brunswick, Agence France-Presse reported from Hanover, Germany.

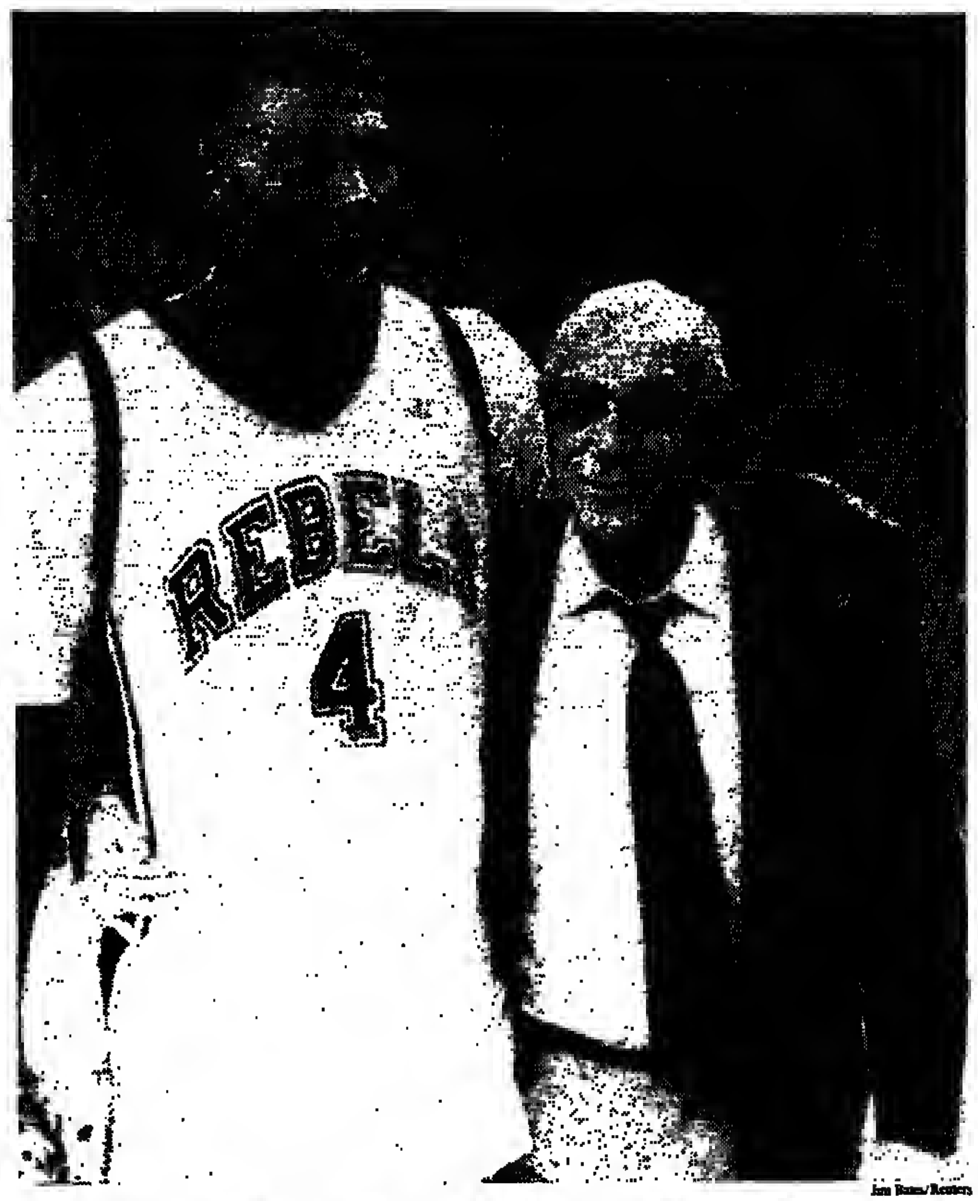
A police spokesman described the violence Thursday night as "the worst fighting here for a long time." Two police cars were smashed.

• Arrigo Sacchi announced Friday that he may resign as coach of AC Milan at the end of the current soccer season.

Sacchi said he was considering stepping down because of stress and that if he quit he would not go to another club. "I could be interested in either coaching a national team or retire from the soccer world," Sacchi said.

AC Milan has been banned from next year's European club soccer competition because of its refusal to play the final minute of a match in Marseille last week.

• The French soccer federation on Friday stepped into a row between Marseille and the French league, postponing until May 1 a match that had been scheduled between Marseille and Brest on April 6. The earlier date was four days before Marseille's European Cup semifinal in Moscow.



Jim Bates/Reuters

UNLV's Larry Johnson and his coach, Jerry Tarkanian. The Rebels are the final four favorites.

Final Four: The Big Number Is 3

Long-Range Success Could Be the Key in NCAA

By Malcolm Moran

New York Times Service

INDIANAPOLIS — On the night in New Orleans four years ago that Indiana won its fifth national basketball championship, Bob Knight added the numbers to confirm that the college game had been changed forever.

In the first championship game to include a 3-point basket on shots beyond 19 feet, 9 inches (5.90 meters), the mathematics were simple. Indiana made seven such shots, all by Steve Alford. Syracuse made four.

When Indiana defeated Syracuse by one point, Knight thanked Ed Steitz, the National Collegiate Athletic Association rules editor until his death last year, for pushing through the rule that helped his team win a championship.

Although the difference became a decisive factor in the 1987 tournament, that group of Hoosiers depended less on the 3-point shot in its six tournament games than each of the four 1991 semifinalists has this season.

Fewer than 12 percent of Indiana's points in the 1987 tournament came on 3-point goals. The dependence of this year's Final Four teams ranges from Duke, which has scored 15.2 percent of its points from beyond the 3-point line, to UNLV, which has scored 24.8 percent from long distance.

Even as the National Association of Basketball Coaches has proposed a lengthening of the distance for a 3-point shot, each team in the national semifinals has successfully incorporated the strategy into its offense.

UNLV has taken the most 3-point shots among the Final Four teams this season, 667, and built the best percentage, .414.

Duke, which will meet the Rebels in the second semifinal game Saturday night, has taken the fewest 3-point shots among the four remaining teams, 441, and has had the lowest percentage, .376.

But those figures can lie, as the University of Connecticut Huskies and the St. John's Redmen learned during losses to Duke in the Midwest semifinals and final last weekend in Pontiac, Mich.

Connecticut's evaluation of the Blue Devils concluded that the outside shot was a suspect area, and the Huskies constructed a defensive plan accordingly. Duke then made three 3-point shots in the first 3½ minutes, and six of eight attempts on the way to an 18-point halftime lead.

"The thing that stung us most was the 3-point shooting," Jim Calhoun, the Connecticut coach, said last Friday night.

Greg Koubek, a Duke senior, made three of five 3-point shots in the regional semifinal against Connecticut. And Bobby Hurley, the sophomore point guard whose main responsibility is merely to run the team, added another element to his game when he made 6 of 11 3-point shots in the two games, including 4 of 7 in the regional final against St. John's.

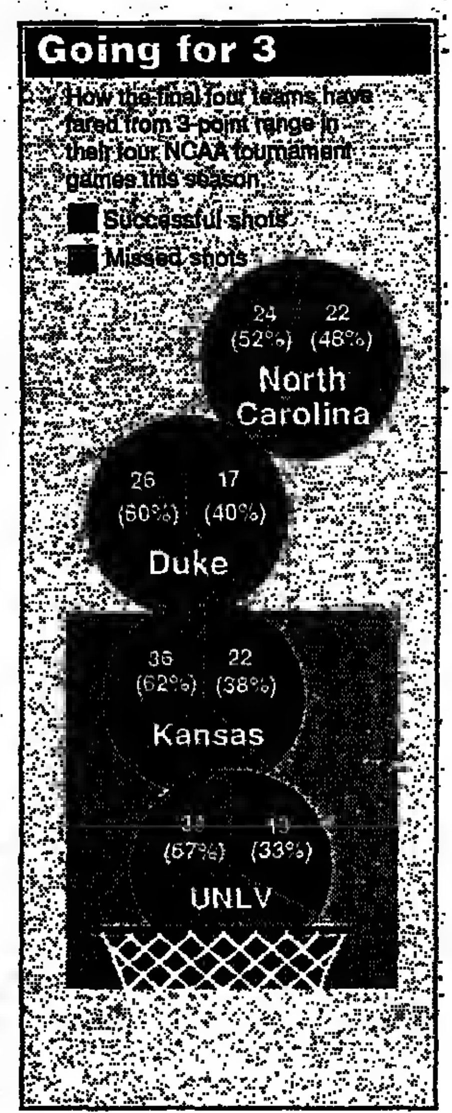
Dean Smith, the North Carolina coach, and Roy Williams, the Kansas coach whose philosophies developed in Smith's program, have spent much of this week discussing the similarities in their teams' approaches. But when Williams was asked if he could find a difference between the teams, he cited the 3-point shot.

"They may have more size and depth and we may have better 3-point shooters," Williams said, adding that the Jayhawks may have incorporated the 3-point shot into their offense more.

But the figures reveal that the Tar Heels have had slightly more success with the shot this season. North Carolina has a better percentage than Kansas, 40.6 to 39.8. The Tar Heels have achieved the greatest differential among the four teams in percentage of 3-point shots made against the percentage allowed, holding their opponents to just .317 of their 3-point attempts.

Terry Brown, the Kansas senior guard with a 3-point percentage of .408, is among the nation's leaders with an average of 3.3 long-range baskets per game.

But Hubert Davis, a North Carolina junior guard, has made 48.8 percent of his 3-point shots this season. In the last 17 games, Davis has made 37 of 69 for a percentage of 53.6.



NYT

UNLV's Success Illustrates the Failure in College Athletics

COMMENTARY

By Thomas Boswell

Washington Post Service

WASHINGTON — Because America loves fun, money and a good TV show, we're being encouraged this week to wink at the University of Nevada-Las Vegas basketball program and cheer the UNLV team.

America is the land of second chances and presumed innocence. We lap up hard-luck stories and instant forgiveness. That's great. But we pay a price. We're also wise guy heaven. Beat the rap. Cop a plea. Bargain the sentence.

In college sports, nobody plays us for suckers better than Jerry Tarkanian, UNLV's coach. He counts on being able to us our most generous American instincts against us. When we see Tark the Shark on our screens, we need to quote a little Shakespeare to get our reception back in focus: "Our deeds follow us, and what we have been makes us what we are."

Tarkanian is one of those guys who likes to separate his past from his present. He does not want his deeds, or those of his players, to follow him — a wise policy, all things considered.

With each new scandal, like the 28 pending NCAA charges against UNLV, Tarkanian likes to say, "That's behind us. Let's move on." He usually says this about three seconds after the scandal is revealed.

So what if, according to Father Theodore Hesburgh, co-chairman of the Knight Commission, Tarkanian did not graduate one player in his first 12 years as a college coach?

So what if Tarkanian's been ducking the NCAA for 17 years, trying to exhaust the police of his sport? He's bought time with lawyers, all the way to the Supreme Court.

And what will his final punishment be? He's gotten to coach. He's won one NCAA title with another due on Monday night. And he'll get the last laugh, no matter what. Even if the NCAA strips Vegas of its honors, Tarkanian has had his fun, gloried in his fame and will retire rich.

So what if Lloyd Daniels got kicked out of four schools and couldn't read well enough to pass your basic high school English course? UNLV accepted him. Then, Tark acted like he was saving him from the streets. That is, until Daniels got arrested and Tarkanian dropped him like a hot potato.

Here's the Vegas deal. You make Tark more rich and more famous. He ignores your past and gives you four years of good coaching, plus the run of the Strip and assurance that you'll get your degree in basketball if not in academics.

Tarkanian wants the public to believe it has to be like this. If you grow up poor and tough in the city, then that makes it okay to do things the Vegas way. On the edge, beyond the edge.

Tarkanian's line is that he's just giving hard-knock kids one last chance. He wants you to think he's Father Flanagan.

Truth is, it doesn't have to be done this way. Look at the entire Big East Conference. It's a tough, urban league. Louie Carnesecca, Rollie Massimino, John Thompson, Jim Calhoun and P.J. Carlesimo don't run model-scholar teams. They don't approach Duke or Carolina. But they don't make a mockery of academics. They don't build their program on overage junior college transfers. They don't show off a player parking lot full of flashy cars.

I've been rooting for UNLV to go undefeated ever since the NCAA announced that the Runnin' Rebels could defend their title. Now, I'm pulling for the Runnin' Rebels to crush the high-road programs from Duke and North Carolina. I want Vegas to win because their players are so good and their program is so disgraceful. Having been allowed to go this far, Stacey Augmon, Larry Johnson and Greg Anthony deserve to finish the job. And the NCAA gets the shame it deserves for its cowardice and hypocrisy in lifting the Vegas ban in the first place.

Also, those of us who pretend for convenience that the stink in college sports isn't all that bad, may have to face facts. The UNLV basketball team, now and for the last 15 years, is the definition of the problem in college sports. Everything Tarkanian has built is the antithesis of what the American unniversity represents. Each, by its existence, stands as a challenge to the legitimacy of the other. If nothing else, Tarkanian reminds us that the college classroom, not the college gym, is the best hope of the poor.

NCAA on TV

The following television stations are scheduled to carry the men's national semifinals, Saturday (beginning at 2230 GMT), and final, Monday (0200 GMT), plus the women's championship, Sunday (2100 GMT), according to Trans World International in New York, which is handling international broadcasts for the NCAA. Others may show the game on a tape delayed basis. Check local listings.

Country	Station
Bophuthatswana	Bop-TV
Brazil	Koch Tavres
Colombia	TV Cable
Greece	Corporate Congress
Israel	ICP
Italy	Sport Image
Japan	NHK
Panama	Canal 13
South Africa	SABC
Spain	TV3
Taiwan	CTS
Thailand	Intel Cable
Thailand	Media Impact
Worldwide	AFRTS

(Armed Forces Radio and Television Services broadcasts from 1,200 locations. In Western Europe, depending on atmospheric conditions, radio listeners might pick up Armed Forces Network, a branch of AFRTS, at 873 on the AM dial. In Britain, broadcasts are available only on military bases. In Tokyo, the Far East Network of AFRTS broadcasts at 810 AM. In the Mideast, from Saudi Arabia, AFRTS broadcasts on the FM band.)

SIDELINES

Rupp Award Goes To LSU's O'Neal

INDIANAPOLIS (AP) — Shaquille O'Neal of Louisiana State, the nation's leading rebounder at 14.7 per game, Friday was named winner of the Adolph Rupp Trophy as The Associated Press college basketball of the year.

He received 206 of 582 votes in a nationwide poll of sports writers and broadcasters conducted before the NCAA tournament. Nevada-Las Vegas teammates Larry Johnson and Stacey Augmon finished second and third, respectively, with 139 and 72 votes. Syracuse's Billy Owens was fourth with 51, followed by Jimmy Jackson of Ohio State, 37.

• Randy Ayers, who led Ohio State to a share of the Big Ten championship in his second season, was named The Associated Press coach of the year on Friday, getting 191 of 582 votes cast.

UNLV's Johnson Wins Naismith

ATLANTA (AP) — Larry Johnson of Nevada-Las Vegas and Dawn Staley of Virginia won the 1991 Naismith Awards as college basketball players of the year, the Atlanta Tipoff Club announced.

Johnson, a senior forward who averaged more than 23 points per game in leading UNLV to the national semifinals, was selected in voting announced Thursday by the nation's major college basketball coaches and a panel of writers and broadcasters.

Staley, a junior guard, has averaged 17 points per game at Virginia.

The 1991 Naismith men's coach of the year is Randy Ayers of Ohio State and the women's honor went to Virginia's Debbie Ryan.

Daume Considers Stepping Aside

STUTTGART (AP) — Willi Daume, chairman of the German National Olympic Committee and one of the world's best known sports leaders, is preparing to step down, it was reported Friday.

Daume, 77, was quoted by Stuttgarter Zeitung as saying he may also resign as a representative to the International Olympic Committee.

For the Record

• Rankin M. Smith, owner of the Atlanta Falcons, said Thursday he has finalized details to sell 12 percent of the outstanding stock in the National Football League franchise to John P. Imlay Jr. and Tom Watson Brown. Imlay is chief executive officer of D&B Software and Brown is an Atlanta attorney. *(AP)*

Kansas Versus North Carolina Stirs Up Memories of a Game and a Player for the Ages

By Ira Berkow

New York Times Service

NEW YORK — Kansas and North Carolina will meet Saturday in the semifinals of the National Collegiate Athletic Association basketball tournament, the first time they have played in the tournament since the 1957 championship game, the only three-overtime game in the history of the NCAA final.

"Every year around this time people always seem to relive that game," said Maurice King, a guard for Kansas then. "I guess most people look upon it as one of the greatest NCAA finals ever."

"No one gave us a chance to win, even though we were undefeated going into that game, and ranked No. 1 in the country," recalled Lennie Rosenbluth, the all-America forward for North Carolina.

"I told my players that we weren't playing Kansas; we were playing Wilt Chamberlain," said Frank McGuire, the North Carolina coach.

"They were a good team, but so were we," said Dick Harp, the first-year coach of Kansas. "And, of course, we had the best player in the nation."

Chamberlain was a sophomore in his first and last college season (freshmen weren't eligible then, and he would leave after the season to join the Harlem Globetrotters). He was 7 feet 2 inches (2.20 meters), strong and agile. Other big men had played before him, of course, but no one, as Harp would say, had the enormous athletic skills that Chamberlain possessed.

All season, Chamberlain had been double- and triple-teamed but he averaged nearly 30 points a game and led Kansas to a 24-2 record. Except for Chamberlain and forward Ron Loneski, who was from Indiana, all the Jayhawks were from Kansas.

The Tar Heels had a very different composition. "Our starting team was made up of four Irish Catholics and a Jew and all from New York City, and playing in Baptist country in North Carolina," said McGuire.

The starters were Pete Brennan and Rosenbluth at forwards, Joe Quigg, the 6-8 center, and Bobby Cunningham and Tommy Kearns, who was 5-9, at the guards.

And when the teams went out for the opening tipoff, it was Kearns who was assigned to jump center against Chamberlain.

"We knew we weren't going to get the tip anyway," said McGuire, "so maybe we could surprise them and get some kind of psychological effect."

Chamberlain turned to McGuire and, as McGuire recalls, gave him a look that said, "What, are you crazy?"

Chamberlain indeed got the tip. Then North Carolina did something else strange: All five players collapsed around Chamberlain, leaving the other Kansas players free to shoot.

Five guys with their arms up circled around Chamberlain. "I felt like Custer," Chamberlain told McGuire years later.

When they simply couldn't get the ball in to Chamberlain, Kansas players began to shoot from outside. "And for whatever reason we just couldn't knock any in," said King.

Meanwhile, Kansas opened with a curious defense, a box and one. That is, a zone except for one player, King, guarding Rosenbluth man to man.

"We were a good shooting team, and we began to hit," said Rosenbluth. "And there was something else. Wilt didn't intimidate us like he might have other teams because all of us had played with him in the Catskills during summers."

North Carolina went out to a 9-2 lead, and Chamberlain didn't make a basket until nearly five minutes had been played.

The Tar Heels led after the first quarter, 19-12. The Jayhawks switched their defense and went into a man to man. But at the half it was still North Carolina ahead, 29-22, and Rosenbluth had 14 points, and had missed only two shots.

King recalled: "The coach told us to stay calm. There was no reason to panic. We'd start hitting our shots. And we did."

Kansas started to come back as Chamberlain began to get the ball more. With a little more than 10 minutes to go in the game, Chamberlain hit a pair of free throws to put Kansas up, 40-37.

Kansas then played slowdown, a strategy that would come under criticism because it allowed a tired North Carolina team to catch its breath.

Shortly, North Carolina fouled in hopes of a Kansas miss and a Tar Heel rebound. It was a strategy the Tar Heels had used throughout the game, but it was telling on them, since several players were in foul trouble, and Rosenbluth, with 1 minute 47 seconds to go, fouled out of the game with 20 points. After Gene Elstun's free throw, Kansas was up by 3 points.

But North Carolina battled back, and with 20 seconds to go Kearns made a foul shot to tie the score at 46-46.

In the first overtime, both teams slowed down, scoring only one basket each. Chamberlain swatted away a shot by Kearns in the last second.

In the second overtime neither team scored. Near the end of the period, Chamberlain, who was being grabbed all game, scuffled briefly with Brennan. The crowd seemed to get nasty. The police hurried onto the court to restore order.

It was still 48-48 as the third overtime began. Now both teams picked up the pace. Kearns hit a drive shot and two free throws to put North Carolina up by four. But Chamberlain hit a 3-point play, King and Elstun hit free throws and Kansas led by 53-52.

With six seconds left, King fouled Quigg, who sank both free throws. North Carolina led, 54-53. Kansas raced downcourt and tried to pass to Wilt in the pivot but Quigg batted the ball away. Kearns grabbed it and threw it as high as he could.

"I couldn't believe it," said McGuire. "If it comes down in time they could get another shot. But Tommy told me, 'It takes five seconds for the ball to go up and five to come down, Coach.' I said, 'Tommy, I didn't know you were a math major.' "

Chamberlain finished as the game's high scorer, with 23 points, and leading rebounder with 14. But North Carolina as a team shot 47 percent from the field, and Kansas 32 percent.

Ten thousand people greeted the North Carolina players when they arrived at the Raleigh-Durham airport. "The state went crazy," said Rosenbluth.

"I was as low as I'd ever been in my life," said King.

"I don't think I've ever gotten over the disappointment," said Harp.

"In my heart, I still don't feel that the best team won," said King.

From Israel to Connecticut to Women's Final Four — Then Back

The Associated Press

NEW ORLEANS — Orly Grossman's classwork suffered and her basketball game fell apart when Scud missles began falling near her home in Tel Aviv.

She considered quitting the University of Connecticut to go home to her family. Grossman, an Israeli soldier from 1986-88, is a member of the women's basketball team at Connecticut (29-4), which meets Virginia (30-2) Saturday in a semifinal game of the women's NCAA championship. In the other semifinal, it will be Tennessee (28-5) against Stanford (26-5).

After every basketball practice, Grossman would hurry back to watch the progress of the war on television and call home whenever there were reports of Scuds being fired at Tel Aviv. One hit within blocks of her sister's home.

"I was scared all the time," she said, adding that her family told her, "Don't worry. This is part of our lives now."

Grossman, who arrived in the United States last summer, has been a member of the Israeli national team six times. She's leaving within a month to rejoin the Israeli club.

"From here, I'm leaving for France," she said. "I'm going to play there four games, in France and Belgium. Then I'm going home and we have the European championship there in June.

"It's the first time the Israeli national team got to climb to the eight best teams in Europe. It's kind of like Connecticut in a way — the first time in the final eight and the first time in the final four."

SCOREBOARD

BASKETBALL

NBA Standings

EASTERN CONFERENCE

Atlantic Division

	W	L	Pct	GB
x-Boston	50	25	.714	—
Philadelphia	38	32	.543	12
New York	34	37	.479	16½
Washington	26	43	.377	23½
New Jersey	23	48	.324	27½
Miami	22	49	.310	28½

Central Division

	W	L	Pct	GB
x-Chicago	52	17	.754	—
x-Detroit	44	27	.620	9
x-Milwaukee	42	29	.592	11
Atlanta	38	33	.535	15
Indiana	35	36	.493	18
Cleveland	25	44	.362	27
Charlotte	21	49	.300	31½

WESTERN CONFERENCE

Midwest Division

	W	L	Pct	GB
x-San Antonio	46	23	.667	—
x-Utah	46	24	.657	½
x-Houston	45	24	.652	1
Dallas	25	43	.368	20½
Orlando	25	44	.362	21
Minnesota	22	46	.324	23½
Denver	18	51	.261	28

Pacific Division

	W	L	Pct	GB
x-Portland	51	18	.739	—
x-L.A. Lakers	50	20	.714	1½
x-Phoenix	49	22	.690	3
Golden State	37	33	.529	14½
Seattle	32	37	.464	19
L.A. Clippers	27	44	.380	25
Sacramento	19	49	.279	31½

x-clinched playoff berth

THURSDAY'S RESULTS

Philadelphia 32 24 18 16—90
Charlotte 22 28 24 18—94

Hawkins 10-18 5-6 26, Gilliam 8-18 3-4 19; Newman 6-13 6-6 18, Chapman 5-14 6-6 16, Reid 8-14 0-0 16. Rebounds: Philadelphia 49 (Mahorn 13), Charlotte 53 (Gattison 11). Assists: Philadelphia 21 (Green 10), Charlotte 16 (Gill 5).

Washington 25 24 19 27—95
Cleveland 17 33 25 27—102

J.S. Williams 10-18 4-4 26, Grant 7-13 6-8 20; Brown 9-13 0-2 18, J. Williams 8-14 2-3 18. Rebounds: Washington 45 (Grant, Ellison 12), Cleveland 61 (Daugherty, J.Williams 10). Assists: Washington 22 (Workman 7), Cleveland 31 (Ehlo, Ferry 6).

Boston 31 22 33 17—[illegible]
Miami 22 18 24 26—90

Parish 7-10 2-3 16, Brown 6-14 3-4 14, Lewis 5-19 4-6 14; Rice 7-19 4-4 19, Burton 7-14 3-4 17, Douglas 8-18 1-4 17. Rebounds: Boston 62 (Parish 14), Miami 55 (Seikaly 19). Assists: Boston 21 (Bird 7), Miami 27 (Douglas 15).

Chicago 29 40 28 31—128
New Jersey 26 30 23 15—94

Jordan 16-26 10-11 42, Pippen 7-16 0-1 14; Morris 9-18 2-6 22, Blaylock 5-14 6-6 16. Rebounds: Chicago 49 (Pippen 14), New Jersey 49 (Morris, Coleman 8). Assists: Chicago 20 (Jordan 4), New Jersey 18 (Blaylock 6).

Houston 22 25 33 32—112
Atlanta 22 18 31 37—111

K. Smith 9-16 6-8 25, Thorpe 10-15 4-7 24; Wilkins 9-26 9-10 28, Willis 12-22 3-6 27. Rebounds: Houston 49 (Thorpe 13), Atlanta 65 (Willis 17). Assists: Houston 31 (K.Smith 13), Atlanta 18 (Webb 7).

Orlando 16 26 27 26—95
San Antonio 24 25 28 37—119

Skiles 5-13 9-10 21, N. Anderson 6-17 3-4 15, Reynolds 6-13 3-4 15; Cummings 8-15 5-5 21, Elliott 8-13 3-4 21, Robinson 6-13 8-10 20. Rebounds: Orlando 50 (Reynolds 8), San Antonio 49 (Cummings, Robinson 9). Assists: Orlando 17 (Reynolds 5), San Antonio 33 (Elliott

Golden State 33 26 26 21—
New York 3? 30 21 26—

Mullin 9-21 8-8 26, Marciulionis 8-15 7-10; Ewing 14-26 5-8 33, Vandeweghe 5-11 7-7. Rebounds: Golden State 5 (Mullin 12), New York 57 (Ewing 14). Assists: Golden State (Hardaway 9), New York 25 (Cheeks 9).

Milwaukee 26 28 22 30—
Phoenix 18 37 37 26—102

Brickowski 6-17 5-6 17, Ellis 5-11 3-5 13; Chambers 7-17 4-4 18, Majerle 5-9 6-6 18. Rebounds: Milwaukee 59 (Brickowski 9), Phoenix 48 (Chambers 11). Assists: Milwaukee 17 (Henson 4), Phoenix 26 (Johnson 11).

Utah 28 24 21 21—96
Sacramento 30 19 21 46—116

K. Malone 10-18 13-15 33, Stockton 7-10 3-3 17; Sparrow 11-20 4-4 … mmons 11-21 4-4 26. Rebounds: Utah 5 … Sacramento 56 (Causwell 1 … 9), Sacramento

European

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NHL

x-C
x-S
x-D
x-A
Tor

Smythe Division

x-Los Angeles	46	23	10	102	337	249
x-Calgary	45	25	8	95	334	254
x-Edmonton	35	37	6	76	260	264
x-Vancouver	28	43	9	65	243	315
Winnipeg	26	42	11	63	257	282

x-clinched playoff berth

THURSDAY'S RESULTS

1 3 0 0—4
2 1 1 0—4
4), Sundin (22), Morin (11), Nolan
uk (30), Turgeon (32), Shannon
Shots on goal: Quebec (on
8. Buffalo (on Cloutier) 8-9-
0 1 2—3
0 0 0—0
22), Ridley (22); Shots
Peeters, Wregget) 8-
Beaupre) 7-7-7—21.
1 0 2—3
0 3 2—5
oisette (6); Mur-
don (21), Goulet
on Belfour, Ha-
g) 11-5-18—34.
0 0 0—0
1 0 2—3
(3). Shots on
ou) 10-13-4—
—37.
3 1 0—4
1 0 0—1
hy 2 (26);
nis (28),
monton
n Fuhr)
4—5
3—6
dano
Rollie
elski
r) 5-
-25.
—2
—7

BASEBALL

Exhibition Games

THURSDAY'S RESULTS

Houston 7, Pittsburgh 5
Boston 6, Detroit 4
St. Louis 13, Philadelphia 0
Montreal (ss) 7, Baltimore (ss) 4
Montreal (ss) 5, Baltimore (ss) 4
Atlanta 4, New York Yankees 5
Cincinnati 3, New York Mets 2
Texas 5, Toronto 4, 12 innings
Los Angeles 8, Kansas City 7
Cleveland 3, Milwaukee 9
San Diego 7, Chicago Cubs 3
Oakland 4, Seattle (ss) 3
Seattle (ss) 5, San Francisco (ss) 1
San Francisco (ss) 9, California 2
Chicago White Sox 2, Minnesota 1
(ss denotes split-squad games)

TRANSACTIONS

BASEBALL

American League

BOSTON—Outrighted Eric Hetzel, pitcher, to Pawtucket, International League. Sent Pedro Matilla, catcher, to minor league camp for reassignment.

CLEVELAND—Optioned Elvin Valdez, pitcher, to Colorado Springs, Pacific Coast League. Sent Luis Lopez, infielder, to minor league camp for reassignment.

SEATTLE—Optioned Dave Burba, pitcher, to Calgary, Pacific Coast League. Sent Dave Fleming, pitcher, Rich Amaral, infielder, and Chuck Jackson, infielder-outfielder, to minor league camp for reassignment.

TEXAS—Invited Brian Downing, outfielder, training camp.

National League

ATLANTA—Put Oddibe McDowell, outfielder, on waivers for purpose of giving him unconditional release.

CINCINNATI—Sent Billy Bates, infielder; Keith Brown and Milt Hill, pitchers; Dave Liddell, catcher; Terry Lee, first baseman; and Leo Garcia, outfielder; to minor league camp for reassignment.

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DAVE BARRY

Blow-Drying the Ant

MIAMI — It's getting late on a school night, but I'm not letting my son go to bed yet, because there's serious work to be done.

"Robert!" I'm saying, in a firm voice. "Come to the kitchen right now and blow-dry the ant!"

We have a large ant, about the size of a mature raccoon, standing on our kitchen counter. In fact it LOOKS kind of like a raccoon, or possibly even a mutant lobster. We made the ant out of papier-mâché, a substance you create by mixing flour and water and newspapers together into a slimy goop that drips down and gets licked up by your dogs.

The ant, needless to say, is part of a science fair project. We need a big ant to illustrate an important scientific concept, the same concept that is illustrated by ALL science fair projects, namely: "Look! I did a science fair project!"

□

Our science fair project is due tomorrow, but the ant is still wet, so we're using a hair dryer on it. Science fair judges HATE a wet ant. Another problem is that our ant is starting to sag, both in the front (or, in entomological terms, the "prognosis") and in the rear (or "butt"). It doesn't look like one of those alert, businesslike, "can-do" ants that you see striding briskly around. It looks depressed, like an ant that has just been informed that all 86,932 members of its immediate family were crushed while attempting to lift a Tootsie Roll.

While Robert is drying the ant, I get a flashlight and go outside to examine the experiment portion of our project, which is titled "Ants and Junk Food." On our back fence we put up a banner that says, in eight-inch-high letters, "WELCOME, ANTS." Under this is a piece of cardboard with the following snack substances scientifically arranged on it: potato chips, a spicy beef stick, a doughnut, a Snickers candy bar, chocolate-filled cookies, Cocoa Krispies and Screaming Yellow Zonkers.

We figured this experiment would attract ants from as far away as Indonesia, and we'd note which junk foods they preferred, and this would prove our basic scientific point ("Look! I did a science fair project!"). Of course you veteran parents know what happened: The ants didn't show up. Nature has a strict rule against cooperating with science fair projects.

The irony is, I knew where some ants were: in my office. They live in one of the electrical outlets. I see them going in there all day long. I seriously considered capturing one of the office ants and carrying it out to the science experiment, and if necessary giving it broad hints about what to do ("Yum! Snickers!"). But I was concerned that if I did this, the ants might become dependent on me, and every time they got hungry they'd crawl onto my desk and threaten to give me electrical stings if I didn't carry them to a snack.

Fortunately, some real outdoor ants finally discovered our experiment, and we were able to observe their behavior at close range. I had been led to believe, by countless public-television nature shows, that ants are very organized, with the colony divided into specialized jobs such as drones, workers, fighters, bakers, consultants, etc. But the ants that showed up at our experiment were total morons. You'd watch one, and it would sprint up to a Cocoa Krispie, then stop suddenly, as if saying: "Yikes! Compared with me, this Cocoa Krispie is the size of a Buick!"

□

Then it would sprint off in a random direction. Sometimes it would sprint back; sometimes it would sprint to another Cocoa Krispie and act surprised again. But it never seemed to DO anything. There were thousands of ants behaving this way, and every single time two of them met, they'd both stop and exchange "high fives" with their antennas, along with, I assume, some kind of ant pleasantries ("Hi, Bob!" "No, I'm Bill!" "Sorry! You look just like Bob!"). This was repeated MILLIONS OF TIMES. I watched these ants for two days, and they accomplished NOTHING. It was exactly like highway construction. It wouldn't have surprised me if some ants started waving orange flags to direct other insects around the area.

But at least there were ants, which meant we could do our project and get our results. I'd tell you what they were, but I really think you should do your own work. That's the whole point of a science fair, as I keep telling my son, who has gone to bed, leaving me to finish blow-drying the ant.

Knight-Ridder Newspapers

Hollywood in Mean Streets of Calcutta

By Steve Coll

Washington Post Service

Artificial slum built in outskirts of Calcutta for the shooting of "The City of Joy."

Marc France Roux/AFP

CALCUTTA — A tiny man with bananas on his head has been turned in the proper direction; a fat shirtless worshiper has been told for the second time when to ring his bell to goddess Siva; jute sacks, oil drums and carrot trays have been hoisted by dhoti-clad laborers, and now — for the briefest moment — Calcutta's madness is frozen in place.

"Action!" Patrick Swayze dashes up a cobblestone lane, blond hair tousled and shirt wet with sprayed-on sweat. Down goes a cucumber vendor. Swayze is stopped by a stick-wielding cop. They argue briefly. But before the clapper boards have clapped, marking the scene's end, applause cascades from the rooftops, slum balconies and fetid alleys where hundreds upon hundreds of rail-thin Calcuttans have swarmed to watch Hollywood create a celluloid dream about their impoverished city.

The applause aggravates the sound technicians, but it is sweet music to Swayze and the director Roland Joffe, who have endured many miseries while filming "The City of Joy," Dominique Lapierre's best-selling novel about hope and despair among Calcutta's wretched poor. A month ago, protesters hurled bombs onto the set, calling the book an insult to the city because of its depictions of prostitution, poverty and corruption.

A lawsuit brought by agitated citizens kept Joffe and crew off Calcutta's streets for most of March; a settlement was reached last week that allowed filming in public areas on weekends and holidays.

Joffe and Swayze blame the few serious incidents on a handful of agitators, and say most Calcuttans have welcomed them.

"This city has a strange way of hugging you even while it kicks your ankles," says Joffe, who previously made "The Killing Fields" in Thailand and "The Mission" in Colombia's rural cocaine country.

"You saw the crowds. You saw the love that comes from these people," says Swayze, the costar of last summer's hit, "Ghost." "When you see the problems happen, it's obviously three or four hired suckers stuck in the crowd to agitate, to start throwing stones." Still, Swayze concedes, "It's very scary when they start throwing bombs on your set."

The troubled filming of "City of Joy" is the story of what happens when Hollywood meets modern India. It is about art imitating life, life imitating art and each side feeling that the other has it all wrong. At bottom, it is about Calcutta, an urban paradox of sinking bridges, collapsing buildings, broken telephones, erratic electricity, filth, disease, abject poverty — but also a city of palpable spirit and ambition, high culture and even higher pretensions.

"We are volatile people, we are aggrieved, we are moved," says Ashok Dasgupta, editor of the Calcutta daily Aj Kal and a leader of the campaign against Joffe's film. "But at least we are not dead people."

With that, Joffe and his colleagues agree. In fact, they say, it is exactly why they fought so hard and long to come to Calcutta in the first place.

French author Lapierre published "The City of Joy" in 1986 after conducting hundreds of interviews with Calcutta's slum dwellers, lepers, lame and blind. The book is as much documentary as novel, but its center is the fictional story of a rickshaw puller from rural Bihar state who is forced from his land by a series of disasters, travels to Calcutta, meets a Polish priest and an American doctor (played by Swayze) and then endures another series of misfortunes.

The book's theme is the resilience of the human spirit, but Calcuttan intellectuals showed little patience for it. A few civic leaders welcomed Lapierre after his book came out, but others denounced him as another in a long line of Western writers and filmmakers who have depicted Calcutta as the world's most miserable city. Arguments against the book vary — some call it inaccurate; some offer a leftist critique, saying the book exploits poverty by selling it to wealthy consumers in the West; and some say it unfairly ignores the city's proud traditions of poetry, sculpture and painting.

"Like everybody else in the world, we thought 'City of Joy' was a tribute to Calcutta," says the co-producer Iain Smith. "It was only when we started getting close to [filming] that we understood that Calcuttans and some Indians saw it as an attack."

At the center of the film — and at the center of the controversy — are universal questions about poverty. "Calcutta may be the future of every city in the world," Joffe says. "I don't hold with anything that says, 'This is a private world that only the people on the inside can understand.' We should stop viewing Calcutta as something strange or different."

But that is precisely what Calcuttan intellectuals fear about Joffe — that he will distort their city into some grotesque amusement, a fun house of child prostitutes, lepers, thieves and cripples. "The whole idea is to portray Calcutta as a very dark city, where skeletons are sold, where cockroaches are in the big hotels, where boys sell boys for sex," says Aj Kal editor Dasgupta. "Calcutta has so many sides that are not dark."

To the filmmakers and actors, that attitude smacks of dishonesty. "If I started putting rich people in this film, I would distort the truth of this city," says Joffe.

"It seems like people here wanted to deny that poverty exists," adds Swayze. "I think people want it to be different so badly here. It seems like people want to lie to themselves."

To Joffe, "what this film is about is that each human being, when it comes to it, no matter what their difficulties are, is responsible for the choices they make."

Calcuttans and Indians seem quick to blame their problems on others, he says, or to excuse them by saying that poverty is the mother of all evil. "If you do have people who live without much, and you say, 'Well, everything's excused by poverty,' you've denied the greatness of those people who are poor but also honest. And that's a terrible thing to do."

Joffe says he cast Swayze as the initially suicidal, ultimately redeemed, American doctor Max Loeb in part because he thinks Swayze is underrated as an actor, but also because he wanted someone energetic, optimistic and even naive who would arrive in Calcutta and be forced to cope, as the film was being shot, with the overwhelming moral and physical challenges Calcutta poses to any new arrival from the developed world.

Swayze says he has been reeling with emotions and questions since he arrived. "I expected the smog and the traffic and the throngs of people, but it is disconcerting — these people who live in such sorrow, how can they have such beautiful smiles and be so willing to show them to you? They've got a line of something we don't."

What, then, has Swayze discovered about Calcutta and himself? "One thing is, how dare any of us bitch about our little problems, our little sorrows in our lives, when these people have lived with this for centuries and still find a way for radiance to come from their faces. It blows the Western mind away."

In the crowd that has gathered to watch Hollywood interpret Calcutta this morning, few seem to be seriously worried about what Joffe and Swayze might do to their city's reputation. "I enjoy it as a picnic," says Salila Auddy, who owns an incense shop in the alley. "I take it as art. In a town there is two sides: the bad side and the good side. I want to see the joy. If the film is handled by a good director, as good art, then a nasty scene will be presented as a good scene."

PEOPLE

Playing Auto Rambo With Sylvester Stallone

Sylvester Stallone says a car-crunching confrontation with a photographer reminded him of the chase in "The French Connection," with the photographer playing the bad guy. But the photographer remembers it differently. Police said the photographer, whom they would not identify, accused Stallone and his bodyguard, **Gary Compton**, of deliberately crashing their cars into his after Stallone left a Sunset Boulevard bar in Beverly Hills, California, with an unidentified woman early Thursday. But Stallone says the photographer followed him from the bar, made an obscene gesture and then smashed his Honda Civic repeatedly into Stallone's Mercedes-Benz. **Police Lieutenant Frank Salcido** said the photographer's car suffered moderate damage. Stallone said his car suffered minor damage. No charges were filed pending further investigation.

□

The 23-year marriage of 88-year-old **Senator Strom Thurmond** and his 44-year-old wife, **Nancy**, has come to an end. Their December 1968 marriage was the talk of Washington when the conservative South Carolina Republican, a fallen-away Democrat, married the South Carolina beauty queen. For those who said Thurmond was too old for the young woman, the senator boasted about his health and regimen of physical exercise. The couple had four children, whose ages range from 15 to 19. Thurmond, the oldest member of Congress and president pro tempore of the Senate, would only say that their decision was "amicable" and "one in which we both agreed."

□

About 300 friends and colleagues of **Marion Barry**, the former mayor of Washington, who is appealing a drug conviction, paid tribute to his accomplishments in public office at a $40-a-plate dinner. Few elected officials attended the event Thursday night, which featured speeches, food and dancing — but no alcohol. Barry, who has been treated for both alcohol and drug abuse, decided not to serve spirits at the function, organizers said. Attorneys will be in court April 30 to argue an appeal of the 12-year mayor's misdemeanor cocaine possession conviction and six-month jail sentence.

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